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Geneva Hosts Bosnia Peace Talks

Croat Delegation Arrives

LD0206104994 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 2 Jun 94

[Report by correspondent Jozo Curic from Geneva]

[Excerpt] The Bosnian Croats were again the first to agree to come to Geneva. Kresimir Zubak, president of the Bosnia-Herzegovina Federation, and Mile Akmadzic, foreign minister of the Croat republic of Herceg-Bosna, arrived in Geneva a few minutes ago. They were invited by Yasushi Akashi. There is no indication whether Federation Vice President Ejup Ganic, who represents the Bosnian Muslims at the cease-fire negotiations, will come.

Bearing in mind that all three sides have been invited to Geneva, it is not likely that Kresimir Zubak will be negotiating on behalf of the Federation, that is, of the two sides. Let us note that these talks today are not the negotiations on a general political solution to Bosnia-Herzegovina that are expected to resume in Geneva this coming weekend. This is the United Nation's attempt to mediate in a cease-fire between the Serbs and the Muslims, to make Mladic and Delic sign an agreement to disengage their forces. [passage omitted]

Bosnian Serb Delegation Arrives

LD0206104094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1012 GMT 2 Jun 94

[Excerpt] Geneva, 2 Jun (TANJUG)—Radovan Karadzic, president of the Srpska republic, and Ratko Mladic, commander in chief of the army of the Srpska republic, arrived in Geneva today for negotiations under the auspices of the United Nations, in which the warring sides aim to reach an agreement on a temporary cease-fire in Bosnia. [passage omitted]

Muslims Refuse To Attend

AU0206113894 Paris AFP in English 1135 GMT 2 Jun 94

[Text] Geneva, June 2 (AFP)—The Moslem-led Bosnian Government refused to attend a new round of peace talks set to begin Thursday after Bosnian Serbs failed to honor pledges to withdraw their forces from the town of Gorazde, diplomats said. The Bosnian Presidency said Thursday that it would not send any representatives to the meeting "for the moment" but could "eventually" attend talks on Friday, the diplomats said.

The government had demanded that the Serbs withdraw all armed men from around the eastern Moslem enclave of Gorazde before the talks went ahead. But earlier Thursday a UN Protection Force (UNPROFOR) spokesman in Sarajevo said that contrary to a written pledge by Bosnian Serb leader Radovan Karadzic, some 150 armed Serb policemen were still inside a UN-imposed three-kilometre (two-mile) exclusion zone around Gorazde. "Nothing has changed in Gorazde," regarding the Serb forces withdrawal, UNPROFOR spokesman Major Rob Annink said.

The withdrawal of the 150 Serbs from the exclusion zone on the east bank of the River Drina had been the main condition of the Bosnian Government of President Alija Izetbegovic for attending the peace talks.

Under threat of NATO air strikes, Bosnian Serbs ended a weeks-long offensive against Gorazde earlier this year and pulled their heavy weapons back from the exclusion zone, but refused to withdraw the policemen from what they said was a Serb-inhabited section of the town. Karadzic, in a letter sent to UN special envoy Yasushi Akashi on Wednesday promised that "as of today there will be no armed Serb personnel" in the three-kilometre zone.

Akashi said in a statement Wednesday that Karadzic's letter could provide "a sufficient basis for the opening of the meeting in Geneva" but the talks "could not take place unless all Bosnian Serb soliders, militia and armed civilians were redeployed outside the zone."

Akashi was expected here from Zagreb later Thursday to chair the talks, which were also to be attended by mediators Thorvald Stoltenberg of the United Nations and Lord Owen of the European Union and the special U.S. and Russian envoys Charles Redman and Vitaliy Churkin. The Serbs were to be represented by Karadzic and Bosnian Serb military chief Ratko Mladic.

Diplomatic sources said the international community and the United Nations have been applying strong pressure on the belligerents to return to the negotiating table with hopes of reaching tangible results, first on a ceasefire and then on an administrative division of Bosnia along ethnic lines, within eight weeks. But a Croatian diplomat said Wednesday that it might not be in the best interests of the newly formed Moslem-Croat federation "to settle for a comprehensive cessation of hostilities."

"Previous agreements have all been violated by the Serbs," the diplomat said. "A new one, if implemented, would freeze the military situation on the ground, thus benefitting the Serbs." He said the belligerents would then be forced to deal with a contact group trying to settle the conflict at all costs, "even if it rewards Serb aggression."

The contact group—the European Union, Russia and the United States—tried in vain last week to get the warring factions to agree to a four-month truce and to accept a plan that would give 51 percent of territory to the Moslem-Croat federation and 49 percent to the Serbs. The Croats and Moslems are demanding 58 percent of the territory. The Serbs currently control about 70 percent.

A French Foreign Ministry spokesman meanwhile said in Paris that representatives of the contact group would meet again with the warring Bosnian parties Saturday and Sunday in Geneva. The meeting had been scheduled for next week but was moved up for "practical reasons" related to Thursday and Friday's planned Geneva discussions, spokesman Richard Duque said.

Karadzic Wants 'To Conclude Peace'

LD0206140994 Belgrade TANJUG in English 1308 GMT 2 Jun 94

[Text] Geneva,June 2 (TANJUG)—Bosnian Serb President Radovan Karadzic who arrived in Geneva around noon Thursday to attend talks on the settlement of the Bosnian crisis told the TANJUG correspondent that the Serbs had come to conclude peace. The Bosnian Serb delegation also includes Bosnian Serb Vice President Nikola Koljevic, Parliament Speaker Momcilo Krajisnik and Foreign Minister Alkesa Buha. The Commander of the Bosnian Serb Army General Ratko Mladic and his associates also arrived with the political delegation.

In his statement to TANJUG Koljevic said that the proposal of U.N. special envoy for former Yugoslavia Yasushi Akashi on the delimitation of the territories between the warring sides is expected to be tabled at the talks which are scheduled to begin Thursday afternoon.

The proposed model is very similar to the one applied in the disengagement of the forces of Croatia and the Republic of Serb Krajina (RSK), Koljevic explained. The buffer areas will perhaps be called gray areas in which peacekeepers would be deployed.

U.N. special envoy Yasushi Akashi, international mediators Lord Owen and Thorvald Stoltenberg, UNPROFOR [UN Protection Forces] commanders for ex-Yugoslavia and Bosnia Generals Bertrand de Lapresle and Michael Rose have also arrived in Geneva but there is still no confirmation about the arrival of the Bosnian Moslem delegation which is supposed to be headed by Prime Minister Haris Silajdzic. The Croatian delegation headed by Kresimir Zubak has also arrived in Geneva.

The beginning of the conference is still uncertain due to the absence of the Moslem delegation, all the more so since the head of the Moslem mission in Geneva Mustafa Bjedic announced two hours before the talks were due to begin that the "Moslems would boycott the gathering because Serbs have failed to withdraw from the Gorazde area (Moslem enclave in eastern Bosnia) as requested". Conference circles do not consider this to be a final decision yet by there is reason to fear that Silajdzic and his delegation will really not arrive to examine Akashi's ceasefire plan.

If a ceasefire accord is reached the Serb delegation is ready to immediately start talks on territorial delimitation.

Well-informed circles at the conference report about the possibility of the meeting on territorial delimitation, scheduled for June 6 and 7 in Talloires (France), being transferred to Geneva if the warring sides previously reach a ceasefire agreement.

UN: Serbs 'Must Withdraw' From Gorazde

AU0206143194 Paris AFP in English 1414 GMT 2 Jun 94

[Text] Geneva, June 2 (AFP)—The United Nations on Thursday ruled out peace negotiations on Bosnia as long as Serb forces remained in the eastern Bosnian enclave of Gorazde. UN special envoy Yasushi Akashi said "the Serbs must withdraw and until they do the talks will not proceed." But he added that the talks on a cessation of hostilities with the warring parties, which were to have started here on Thursday, could still get underway on Friday if the Serbs pulled out from the three-kilometre (two mile) exclusion zone around Gorazde.

Bosnian Serb leader Radovan Karadzic insisted in an interview with WTN that the Serb forces had withdrawn. "There were not many there. They left last night," he said.

Bosnia's Ljubijankic Attends Nonaligned Meeting

AU0106170394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 Jun 94

[Text] On Pakistan's initiative, a meeting of the contact group of the Islamic Conference Organization is going to be held in Cairo today to discuss the situation in Bosnia-Herzegovina. Our delegation, headed by Foreign Minister Irfan Ljubijankic, who is attending the (?conference) as a guest, was informed of this by the Pakistani representatives.

During the talk with Minister Ljubijankic, the Pakistani foreign minister also promised firm support to Bosnia-Herzegovina when the declaration of the Cairo conference on the Nonaligned Movement is drafted. Pakistan will contribute to the discussion on lifting the embargo on arms imports into Bosnia-Herzegovina.

During the discussions on bilateral relations, the two ministers discussed the appointment of a Pakistani ambassador to Sarajevo. The government in Islamabad also promised help in establishing relations and cooperation with other countries, particularly China and Japan.

Ljubijankic also had a brief meeting with the Chinese ambassador in Cairo, who is heading the official Chinese delegation at the conference. They discussed possibilities of furthering relations and the mutual recognition of the two countries.

Already on the first day of the Cairo conference, Minister Ljubijankic talked with Arab League Secretary General Ismat 'Abd-al-Majid. Full support was expressed for the Republic of Bosnia-Herzegovina and one expression of such an attitude was the refusal to allow Serbia and Montenegro to participate in the nonaligned countries conference. Minister Ljubijankic also had other meetings with many world dignitaries who attended the 11th Ministerial Conference of the Nonaligned Movement.

BSDP, GOR, Greens Sign Cooperation Accord

AU0106190594 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 1 Jun 94

[Report by Silviya Velikova]

[Text] The Bulgarian Social Democratic Party [BSDP], Civic Alliance for the Republic [GOR], and the Greens Party signed an agreement today on political cooperation and friendly relations. The document signed by the leaders of the three political parties states that only the national unification of the democratic political forces, based on a clear and specific program, will provide Bulgaria with a new political choice. The three parties intend to work together to found a political alternative to the existing confrontational bipolar model and to draft documents and programs to resolve the main problems relating to the country's development.

Dogan on Failure To Address Social Problems

AU3105201594 Sofia TRUD in Bulgarian 25 May 94 p 3

[Interview with Ahmed Dogan, leader of the Movement for Rights and Freedoms, by Mehmed Hodjov; place and date not given]

[Excerpts] [Khodzhov] Mr. Dogan, by what formula can the government survive today?

[Dogan] This is the first time since the DPS [Movement for Rights and Freedoms] assumed the mandate to form a government that the government has faced such an extremely tricky situation.

Last week, the main thing that worried us was that the BSP [Bulgarian Socialist Party] was doing everything possible to get its own representative into the government. We rejected this on principle, because the situation on the basis of which the so-called government of experts was formed at the end of 1992 is quite different from the present political realities.

In our view, the fact that the BSP has 100 deputies in parliament does not constitute a position in the political sense. This party was in power for half a century; it is affrontery, to say the least, for it to make claims for power now, when we are making a transition and want to change the very thing that the BSP created.

Professor Berov, who has very great power and has to bear the responsibility for a definite program that parliament approved, should not try to be a balancing force in the National Assembly and exert pressure on parliament. In my opinion, this is where his mistake lies.

At present we are really considering a parliamentary agreement between the different political forces inside and outside parliament.

[Khodzhov] This agreement is in the context of the proposal made by the president in his address to the nation, is it not?

[Dogan] First, I support the proposal the president made to the nation, but I would naturally like to point out that I am not convinced that this parliamentary agreement is possible, given the extremely complex situation that exists in the country at present. Second, if, on the basis of this agreement, parliament approves a government that is authorized by the president to act as a caretaker cabinet, this will be a new precedent in our Constitution. [passage omitted]

[Khodzhov] Mr. Dogan, when you were in Kurdzhali you said that elections will most likely be held in October. What sort of representation does the DPS count on having in the next parliament?

[Dogan] The DPS will have a very decent representation in parliament. One does not comment on the predictions, but if you write down what I tell you, you will see that we may even get more seats. A party should have untapped reserves, and we are working on them. Naturally, we will have a completely different platform, updated to take account of the social problems arising from unemployment and the economic program. The great disadvantage of our cadres is that many lightweight people have taken key positions. We are starting right now to select cadres for the next elections, on the basis of certain criteria. [passage omitted]

[Khodzhov] Mr. Dogan, do you believe that the Turks are united in Bulgaria? I am thinking of [ex-Chief Mufti] Nedim Gendzhev's DPS [Democratic Party of Justice, with the same initials as the Rights and Freedoms Movement] and of Mehmed Hodja leaving your movement.

[Dogan] It would be stupid for the Turks to be united. I would not agree to represent an organization formed on an ethnic basis. We do not need armed soldiers, but we do need thinking people with similar ideas. If Nedim Gendzhev is such clever fellow, why is he forming a Democratic Party of Justice instead of calling it the Party of Free Democrats or some other name? Everyone hovers around the DPS, because it is very important as a symbol. However, whereas earlier it was the former repressions that united us, what must unite us now is our economic interests—this is the great change in the DPS program. The people will sense this transformation from now on. One cannot create a party only on the basis of rights and freedoms. The man in the street is now banging the table and saying: I am out of work, I have nothing to eat. Previously, we did not appreciate this fact, but it is already knocking and even hammering on our door. It seems that from now on the market mechanism even postulates a fragmentation of society, but let us not discuss this issue now.

Daily Criticizes FYROM President's Claims

AU0106121294 Sofia OTECHESTVEN VESTNIK in Bulgarian 20 May 94 p 5

[Commentary by Mikhail Neykov: "Janissaries Along the Vardar"]

[Text] Kiro Gligorov, president of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], is a strange politician. As the leader of a newly established state, he does not miss the opportunity to stress his adherence to peace and security in the Balkans and Europe. He also did this during his visit to Sofia. Simultaneously, he stubbornly and selflessly defends opinions that overtly contradict the principles of good-neighborliness and affect vitally important interests of Bulgaria, Greece, and Albania. For example, how is it possible to declare a willingness to develop constructive cooperation with Greece and, at the same time, to infringe upon its cultural monuments? Is it impossible to speak about a fruitful dialogue with Tirana, while the rights of the Albanian minority in Macedonia, which is about 30 percent of the country's total population, are restricted in all possible ways?

What could we say about the attitude of the government in Skopje toward our country? It is well-known that it tries in all possible ways to obtain recognition of the "Macedonian nation," conceived by the Comintern, and of the "literary language" concocted by the eminent academician Blaze Koneski. Recently, President Gligorov prompted a scandal in Sofia by demanding signature of the previously prepared interstate agreements in Bulgarian and "Macedonian." Is this a real striving toward goodneighborliness and developing broad cooperation? He preferred to foil the signing of the documents in order to utilize an opportunity to insult us. Naturally, his trick failed. What remained was the bitter taste of the behavior of the former graduate of Sofia's Kliment Okhridski University, who got so carried away he forgot that he speaks and understands Bulgarian.

However, an evil seldom comes alone. In his speech at the opening of the Skopje International Fair, the same Kiro Gligorov dared to infringe upon the holiest of the holy—the cause of the holy brothers St. Cyril and St. Methodius, and their first pupil—St. Clement. Well, we Bulgarians really are a nation, and we are used to our lands being stolen. We will also survive the attempts of some people in Skopje to usurp our historical and cultural past.

The truth cannot be amended or forged. Regardless of the pathetic attempts of pseudohistorians along the Vardar River, they cannot convince anyone that King Samuil, for example, was not a Bulgarian king, because his great enemy, the emperor of Byzantium, was called Basil II—"the Slayer of the Bulgars." The same circles, and indeed Kiro Gligorov himself, cannot convince the world that "Macedonia is the land on which the Slavonic alphabet was created by the Thessaloniki brothers," because at the time of those brothers, there were only two states in the Balkans—Bulgaria and Byzantium. There simply was no Macedonia.

Thus, if someone in Skopje is interested in goodneighborliness, then he should reassess his behavior. We can live without a few thousand Janissaries, who deny their kin and mother. However, they cannot live alone.

Klaus Views Political 'Conflict of Ideas'

AU0106164194 Prague LIDOVE NOVINY in Czech 26 May 94 p 8

["Excerpts" from Prime Minister Vaclav Klaus's address at the Tufts University Fletcher School of Law and Diplomacy graduation ceremony in Boston on 22 May 1994: "A New Conflict of Ideas"]

[Text] In our country and our part of the world, we bear witness to and enthusiastically participate in the end of communism and the beginning of a new era, the beginning of a free society. When I refer to the end of communism, I feel obligated to warn against often oversimplified views and interpretations, and against incorrect and misleading expectations which are—paradoxically—two completely different trends.

Communism was an immense human tragedy but I can agree neither to its demonizing on the one hand nor to its trivializing on the other hand. The demonization of communism implicitly suggests that communism was a unique, unrepeatable event that somehow befell its innocent victims, without any fault on their part, without their silent approval, or their active cooperation. That is not true. Communism was "only" a more extreme form of etatism, human constructivism, and political and social engineering; a world where somebody knows better than the others what is best for all of us, where one and only one interpretation of freedom, right, social equality, or economic rationality is considered obligatory. Communism also is a world of extreme bureaucracy, far too many directives and bans, human oppression and human degradation, a world of powerlessness of the citizens against the omnipotent state.

I dare to argue that a milder form of all these symptoms exists also in the standard Western societies. In the course of history, the development of these symptoms had its ascents and returns, and it also had its dangerous internal dynamics, thanks to which a point was unexpectedly reached when the entire society slid into an unforeseen and unintended state of affairs. Therefore, I believe it is extremely important also for the Western countries to know the maximum about our experience and study it very carefully.

I dare say that the Czech Republic is undergoing the fastest and most successful systemic changes in the entire postcommunist world. We have already formed a standard system of ideologically well-defined political parties. We have been successful in reaching and maintaining the basic political and social accord with respect to goals, strategy, and running results of the transformation. We have introduced a market economy based on a massive and unprecedented privatization, deregulation, and liberalization, as well as on a high degree of macroeconomic stability.

We have accepted in our country an open view of society, which is based on the trust in human action rather than human design, if we are to use the very helpful terminology of Friedrich von Hayek. Nevertheless, during the transition period, it is necessary to assign even the state a considerable constructive role. The reformers must abolish the old institutions, and the ensuing institutional vacuum must be quickly filled with an alternative coordination mechanism. Otherwise, the new system would not work. The faster, broader, and deeper this transformation runs, the lower is the economic and social cost, and the more successful is the entire systemic change.

I disagree with the opinion that the world has entered the stage occasionally referred to as the end of history or the end of ideology. Neither is, and never will be, true. As long as people are people, there will be ideological conflicts. The conflict between communism and free society dominated the world in the past decades, and the current conflicts are not any less significant. We are—after decades of life under communism—somewhat oversensitive in this respect, and consider it our duty to warn against these invisible, or insufficiently conspicuous potential dangers.

The present world also bears witness to another fundamental conflict. It is again becoming a question whether to trust unlimited teamwork and cooperation of free citizens or rather delegate power to the hands of benevolent politicians and administrators; whether we are convinced of the superiority of the "free market" system, or prefer the "just" market (which means protectionism); whether we are satisfied with monitoring the quality of production of our industry, or whether we want to control production technology and processes; whether we advocate the free market, or a state industrial policy; whether we favor the free choice based on our own preferences and interests, or whether we accept aprioristic externally formulated norms and criteria.

This idea is based on the ethically peculiar and rationally unsustainable argument that different labor costs from firm to firm or country to country cause a "distortion of competition" and that such a lapse must be remedied by enlightened supranational regulation. Calls for quasi-universal social rights are a disguised attempt at protecting high-cost producers in the countries with a high degree of regulation and with unsustainable welfare standards from cheaper labor in less productive countries. The disparity that arose between the North and East (or South) is not a result of the difference in regulation or social legislation but directly reflects the difference in the productivity of labor. Postcommunist and developing countries cannot raise wages above their productivity and no international conference can increase their productivity. Their unemployment rate and general poverty can increase, however, if these external criteria and standards are imposed upon them.

The conflict of ideas prevails, and we must discuss it. I hope that the fundamental liberal demand for freedom of speech will never be replaced by the non-liberal slogan

about the "correctness of phrases," with this correctness defined, perhaps with good intentions, by the advocates of this or that truth.

Klaus Discusses Slovak Trade, Benes Decrees

AU0206102094 Prague DENNI TELEGRAF in Czech 27 May 94 p 3

[Interview with Prime Minister Vaclav Klaus by Viktor Krejci; place and date not given: "Benes Decrees Were the Reality of the Time"]

[Excerpts] In a regular interview with the prime minister, we discuss the topical events of the past week. [passage omitted]

[Krejci] The Czech Republic has a deficit on the clearing account with Slovakia. What do you see as the reason for this happening?

[Klaus] There are many reasons. First, the partition of Czechoslovakia disrupted various cooperative ties that ordinarily exist within a single economy.

Another factor is the fact that the Slovak koruna devalued in relation to the clearing ECU. Moreover, the import surcharge was introduced. These three moments combined represent an increase in the price of Czech imports to Slovakia and, vice versa, a reduction in Slovak exports to the Czech Republic. That, of course, leads to an increase in the flow of goods from Slovakia to the Czech Republic rather than vice versa.

The third important factor is that imports to any country are a function of the development of the gross domestic product of that country. The correlation between the two quantities is obvious according to direct proportionality: The richer the country is, the more it buys. The reciprocal is also valid—the poorer the country is, the less it buys. That is the third reason leading to the demand for Slovak, and foreign goods in general, being higher in the Czech Republic than vice versa.

The fourth reason is a certain conscious decision, on the Slovak part, of the type: "We have a deficit, something must be done about it." That gives rise to a certain psychological atmosphere that leads some Slovak firms to simply not shop on the Czech market.

Only fifth is the issue of administrative problems and the renowned certificates. There is not such a genius who could weigh the effect of all these factors precisely. Only a few of them can be directly affected by the Czech Republic.

[Krejci] Can or will the Czech side undertake something?

[Klaus] We are not likely to introduce any artificial import barriers. Nor can we create in Slovakia a greater demand for Czech goods. At most, we could do something about the exchange rate of the koruna within the framework of the clearing account. These are very minor measures, however, with a long-term rather than an immediate effect.

A while back, when Slovakia devalued and introduced the import surcharge, everybody wondered why a turnabout in the trade relations did not occur the next day. I spoke then about the so-called "J" curve, according to which the balance of payments will worsen before it begins to improve. That is precisely the phenomenon that took place. After the devaluations and import surcharges, the problem of the Slovak trade balance continued to worsen a while, and now it began to improve. If we did something similar regarding Slovakia, the short-term effect would not be at all favorable, and good results could come only in the long run.

[Krejci] During the recent Sudeten German Days, German Government representatives also demanded that the Benes Decrees be abolished. Views are even being expressed in our country that the decrees were inhumane, first and foremost, because they proceeded from collective guilt. What do you think of the Benes Decrees and of their possible annulment?

[Klaus] The Benes Decrees were a reality of the era in which they evolved. At the same time, it is confusing to describe them as the Benes Decrees, because the issue involved a government resolution that the president of the republic then signed. This also involved edicts with which the victorious World War II powers agreed. However, it was mainly the Czech and Slovak public at that time that applauded them enthusiastically. It is impossible to assess slightly differently today—half a century later—this or that phenomenon. The Benes Decrees had certain consequences. The idea that it is possible to undo them somehow is incomprehensible and alien to me. It simply cannot be done.

[Krejci] How, then, do you assess the demands from the German side to abolish the decrees?

[Klaus] I do not know if it is possible to say "from the German side." Let us assess them as partial German demands. Are we to allow these few people to dictate to the Czech Republic Government what it should have on its agenda, where we should go or not go? It seemed curious to me that Mr. Otto von Habsburg said, with reference to me in an interview for MLADA FRONTA DNES, that my rejection of a dialogue is an expression of the weakness of my arguments. This is not true, however. Many people recall how, a year ago, I said that I will participate cool-headedly in any dialogue. Perhaps, since they do not want to hear them at a distance, I could tell them my arguments from close by. You know very well that the government coalition has come to the conclusion that a direct dialogue will be rejected in this country. I fully respect this. However, I can say on my own behalf that I would take part in it cool-headedly and that in no way would I be afraid of it.

Trade Accord With Slovakia Ratified

LD0106172394 Prague Radiozurnal Radio Network in Czech 1400 GMT 1 Jun 94

[Text] With news of the 19th session of parliament's second day of business, here is Ivana Anyzova from the parliament building.

[Anyzova] The deputies of the Czech parliament today approved an agreement negotiated between the Czech Republic and the Republic of Slovakia concerning free trade. As Trade and Industry Minister Vladimir Dlouhy stated, this agreement will gradually liberalize bilateral trade, and by the end of the two-year transition period—in other words by 1 January 1996—all tariff and non-tariff barriers to trade in all industrial products, with the exception of private cars and certain other items, will be removed.

Parliament also approved the statute of the National Property Fund of the Czech Republic [FNM]. According to this statute, the fund will have the right to set up joint-stock and trading companies and to invest in them. Following that, however, parliament did not approve the National Property Fund budget for 1994. Three votes were lacking for the budget to be approved. The question thus presents itself whether parliament really has so much against it or whether the required number of deputies were not present at the final vote, in particular those from the governing coalition. At present, the deputies are debating the state's final accounts for last year.

Progress in Dismantling Military Gear Viewed

AU2705160794 Prague RUDE PRAVO in Czech 23 May 94 p 2

["(per)"-signed report: "Another 417 Tanks Still Have To Be Destroyed"]

[Text] Prague—The Czech Army has 417 surplus tanks, 43 armored vehicles, 52 artillery, and 38 combat aircraft to dismantle before 15 November 1995. The dismantlement, which is taking place on the basis of the Treaty on Conventional Armed Forces in Europe, has already cost the Czech Army 60 million korunas. The Federal Army committed itself to dismantle 1,880 tanks, 2,450 armored personnel carriers, 2,303 artillery, and 98 combat aircraft. The dismantlement of the surplus hardware has been carried out in the military repair shops in Novy Jicin, Sternberk, Jaromer, Terezin, Vodochody, and Prerov.

Moravcik Condemns Opposition, Defends Minister

LD0106192894 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 1 Jun 94

[Text] This morning Prime Minister Jozef Moravcik met editors in chief of Slovak newspapers and directors of the electronic media. Under discussion were current political problems, on which the prime minister replied to numerous questions from representatives of the press. After the meeting, reporter Lydia Mrazova asked Jozef Moravcik for an interview.

[Begin recording] [Mrazova] Today is 77 days since you became prime minister in this government, and during this short time—you could describe it as such—the opposition has tried to dismiss Roman Kovac and Minister Janicina. Do you think will there yet be another?

[Moravcik] The tactics of the present opposition suggest that it will probably not stop playing this game, this destructive game, and that it will try to continue with it. I do not have any concrete information about who it might be.

[Mrazova] And what about fears?

[Moravcik] No fears, because until now the means of presentation tended to harm those presenting proposals for dismissal.

[Mrazova] According to what you said, although the coalition was formed with partners of differing orientations, the coalition is functioning well. During the vote of confidence vote in the minister for the administration and privatization it transpired that even deputies from the coalition parties contributed several votes in favor if his dismissal. Some expressed the view in the lobby that although they will not be voting for his dismissal they consider him to be the weakest point in the government. I do not expect you to criticize your minister, but how would you characterize this post?

[Moravcik] I have already said many times that privatization is a meeting point for a large number of conflicting interests and various organizations which exert various kinds of influence. What we call lobbies today are very strong. A minister in this position has to have a very firm character and also sound nerves because to manage all that, to resist all the pressures, and to organize and carry out privatization in such a way that it supports the government's policy is very demanding. It really is a very demanding position and I am satisfied with how the work is being carried out. So far, we have managed to overcome all the differences that have appeared, the different views that have appeared, which are entirely natural. [passage omitted] [end recording]

Slovak-Russian Agreement on Visa-Free Travel

LD0106130694 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 1 Jun 94

[Text] Shortly before noon Slovak Foreign Minister Eduard Kukan and Russian Ambassador Sergey Yastrzhembskiy signed an agreement between the Government of the Slovak Republic and the Government of the Russian Federation on conditions for visa-free travel by citizens of the two states. Maria Mikusova has just returned from the Hotel Borik where the signing took place.

[Mikusova] This is the 27th agreement signed by Slovakia and Russia since the formation of an independent Slovakia and the first of its kind between Russia and one of the Visegrad Four countries. The existing arrangement of mutual relations in the sphere of travel created extensive possibilities for differences of interpretation and various bureaucratic measures. The signing of this agreement provides for the introduction of very precise and clear rules. In the words of Ambassador Yastrzhembskiy, it is a special agreement because it concerns people who are interested in visiting our country.

As for what the significance of this agreement was for Slovakia, I asked Slovak Foreign Minister Eduard Kukan:

[Begin recording] [Kukan] The agreement on visa-free travel which we signed with Ambassador Yastrzhembskiy has the principal significance of regulating travel and visits by Russian citizens here and our citizens to the Russian Federation. In terms of objective conditions it is not a classic agreement on visa-free travel such as we have with certain other European countries, but I think it will play a positive role in the current situation in our mutual relations and that it will have a positive effect on the future. It also documents our interest in expanding relations with the Russian Federation in such a way that would be beneficial to both sides.

[Mikusova] Minister, will this agreement guarantee that such elements as we would not wish to see here will not get onto our territory?

[Kukan] Yes. I answer yes unequivocally and without hesitation. That is why we signed it. [end recording]

Let me only add that the agreement will come into effect following joint ratification.

Ethnic Hungarian Leader Praises New Names Law

AU0206073094 Bratislava SME in Slovak 28 May 94 p 1

[Interview with Vojtech Bugar, chairman of the Hungarian Christian Democratic Movement, by Jana Pankovcinova; place and date not given: "The Law on Registers Could Serve as an Example for Other States"]

[Text] Parliamentary deputies yesterday passed one of the laws that the Slovak Republic pledged to adopt on its admission into the Council of Europe—the law on [birth, marriage, and death] registers. We asked Hungarian Christian Democratic Movement Chairman Vojtech Bugar for his opinion on the law.

[Pankovcinova] Some Movement for a Democratic Slovakia [HZDS] and Slovak National Party [SNS] deputies labelled the law "anti-Slovak" and walked out of parliament as a sign of protest. Could you explain the gist of this law?

[Bugar] They labelled as anti-Slovak articles 15 and 18, which state that, if someone wishes to have his first name entered in his mother tongue, the first change of the name in the register is free. Likewise, if a woman wants to have her surname entered in her documents in the mother tongue, without the suffix -ova [characterizing female surnames in Slovak], this law allows her to do so free of charge the first time. An amendment specifying the usage of the first name and the surname also passed in parliament. This means that the first name and the surname in the mother tongue (that is, without the suffix -ova) will be used in the spoken and written Slovak language with the ending -ova and will be inflected according to Slovak grammar rules. Therefore, it is absolutely okay when a Slovak speaker will refer to my wife as Mrs. Bugarova. She will only have the chance to have her surname entered in her identity papers as Bugar.

[Pankovcinova] Are you satisfied with the adopted law?

[Bugar] Yes. Parliament adopted a very liberal law and complied with the recommendation of the Council of Europe. The present and future governments will be able to appear at international forums with dignity because this law could serve as an example also for other states in which there are ethnic minorities.

Indian Delegation in Talks on Arms Production

LD0106195494 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 1 Jun 94

[Text] An Indian army delegation led by Defense Minister Mallikarjun arrived in Slovakia today on a three-day official visit. Here is our colleague Miroslav Milar with more information on the visit of the Indian guests.

[Milar] The official welcoming ceremony took place at the Defense Ministry shortly after 1500. Slovak Defense Minister Pavol Kanis welcomed his Indian counterpart. Shortly afterwards, the Indian army delegation took part in the first round of talks with the representatives of the Slovak Defense Ministry and military command. Pavol Kanis briefed journalists about the agenda of the talks.

[Begin Kanis recording] Our negotiations focused mainly on the possibilities of cooperation in armaments production and on contracts relating to the sale of Slovak arms and armaments systems to India. It must be said that the Slovak Republic is continuing in the tradition of all the positive contacts we have had in the past, i.e., the contacts between the former Czechoslovakia and India. The Indian Defense Ministry and representatives of the Indian Army are seriously interested in contracts with Slovak armaments producers. We exchanged views on some areas in which India might be interested, for example spare parts and other products, but definitive steps will be taken in the next few days. [end recording]

[Milar] After the talks at the Defense Ministry, Indian Defense Minister Mallikarjun was received by Slovak President Michal Kovac and afterwards by Foreign Minister Eduard Kukan.

Central Bank Eases Monetary Restrictions

AU0106155594 Bratislava NARODNA OBRODA in Slovak 30 May 94 p 2

[TA SR report: "Slovak National Bank Renewed Refinancing"]

[Text] In the 22d week, after a period of approximately three months, the Slovak National Bank [NBS] again started to refinance commercial banks by means of auction credits. Even earlier, the NBS renewed the rediscount of exchange bills for agriculture. According to information from the NBS, the above measures can be regarded as an indication of good marcoeconomic results, such as, for example, the favorable development of the inflation rate, which reached only three percent in the first four months of this year.

MSZP Expert Views Ethnic Minority Issues

AU0206103594 Budapest PESTI HIRLAP in Hungarian 30 May 94 p 9

[Interview with Csaba Tabajdi, Hungarian Socialist Party expert on national and ethnic minority affairs, by Istvan Joo; place and date not given: "Csaba Tabajdi on Hungarians Abroad"]

[Text] It is a known fact that a significant number of the Hungarians living beyond the border are concerned about the election results and the Hungarian Socialist Party [MSZP] that is preparing for power. Mostly, Hungarian minority leaders living abroad are worried that the cabinet led by the Socialists will make basic treaties with the neighboring countries before the interests of the Hungarians living there receive adequate guarantees. Recently, Miklos Duray [chairman of the Coexistence Movement in Slovakia] expressed his worries. We interviewed Csaba Tabajdi on the obviously not unfounded fears.

[Tabajdi] If Miklos Duray had read the MSZP's program that I personally handed over to him in Bratislava in January, then I do not really understand what he is afraid of. According to the program, basic treaties can be written in such a way that they lay down the inviolability of borders, and guarantee the rights of the national minorities. The material also contains [a provision] that before a basic treaty is signed, it must be coordinated with the opposition parties and the democratic organizations of Hungarians abroad.

[Joo] Would the latter [organizations] be present during intergovernmental negotiations?

[Tabajdi] This would also be possible if the negotiating partners do not have objections to it.

[Joo] Would the passage on the inviolability of borders lead to documents similar to the Ukrainian-Hungarian basic treaty?

[Tabajdi] The two countries that sign the treaty would state that they will not make territorial demands against each other. In my view, this or similar wording of the clause on borders should be in the treaties, as I have already said in the parliamentary debate on ratifying the basic treaty with Ukraine. This can clearly express the political intention and will of the treaty countries, the importance of which has been expressed by a number of our neighbors. Although, there are no tangible signs whatsoever that political forces that are significant in Hungarian politics would question the reality of borders. However, many decades ago, an atmosphere of mistrust emerged in this region; a properly worded, modern, basic treaty would be an answer to this.

[Joo] Anyway, during the campaign, there was a difference between the statements made by you, who had drawn up the program, and the statements of MSZP Chairman Gyula Horn. Horn would abolish the Office for Hungarians Living Abroad [HTMH].

[Tabajdi] The work of the HTMH was also sharply criticized in the program. We stated that the Office has to be fundamentally reorganized. The future of the HTMH is uncertain at the moment, because it depends on the future governmental structure as a whole. However, this does not mean that the MSZP does not consider care for the Hungarians living abroad to be important, but it wishes to implement this in a different institutional and organizational structure.

[Joo] Is it true that the Socialists are planning to set up a ministry on national minorities under your leadership? And the HTMH would be incorporated in this just as the government office dealing with church affairs?

[Tabajdi] It would be too early to talk about the organization at the moment. As for my future office, this is only speculation.

Ministry Official Views Balladur Plan, Conference

AU0106202994 Budapest MAGYAR HIRLAP in Hungarian 26 May 94 p 8

["Gy.Z"-signed interview with Istvan Gyarmati, head of the Security Policy and European Cooperation Department of the Hungarian Foreign Ministry; place and date not given: "Anyone Who Expects a Quick Solution Will Be Greatly Disappointed"]

[Excerpt] [passage omitted] [MAGYAR HIRLAP] Since its presentation, the Balladur plan has gone through considerable changes, and not always changes favorable for us. To what extent are Hungarian interests represented in the Paris document that has only started its process but has not yet finished?

[Gyarmati] Of course, the Balladur plan has changed, compared with its original form. This is natural, because one thing is absolutely certain in diplomacy: Whatever one suggests at the beginning, will definitely not be the final result of the negotiations. It is a fact that some things were omitted from the original proposal, some things that Hungarian diplomacy and the Hungarian public would have welcomed in the proposal, like the need to guarantee the collective rights of national minorities. It is also true, however, that a few elements favorable for us have been included in the document in the meantime, like the one that the European Union will also support financially the implementation of certain projects, like border crossing points and national minority cultural institutions. I think that the current version of the document meets Hungarian interests, because it does not want to force on us any solution that we decline to accept.

[MAGYAR HIRLAP] What minimum and maximum goals has Hungarian diplomacy formulated for the series of negotiations following the Paris document, particularly regarding the fact that the Hungarian position regarding an adequate settling of the minority issue does not meet with the approach of either our regional partners or our Western partners?

[Gyarmati] Our position regarding the borders is unchanged: There are no open border issues for Hungary. Our neighbors are also aware of this; nor do they claim that there is such an issue. At the same time, they think the present borders should once again be confirmed in a basic treaty. We always said we would find an adequate form for this, but we do not commit ourselves to what this form should be because, in the course of negotiations, one never commits himself to a single form. Therefore, the border issue has never been a real problem for Hungary; it is still not a problem for us. At the same time, we do see problems regarding national minorities. This is a mirror reflection of the border issue, because our neighbors claim that there is no national minority issue, while we say that there is such an issue.

The Paris document says that the accepted UN, CSCE, and Council of Europe documents represent the basis of the national minority issue. This means that one cannot go below the already accepted international norms. At the same time, it does not mean that one cannot exceed these norms. Obviously, we want to exceed them at the negotiations, while our partners do not want to exceed them. If it is true that the starting position of neither side will be the final solution, the final result will lie somewhere between the currently accepted standards and our maximum goals, and this can only be a better solution than the current one. Therefore, I think that there can be clearly positive developments here.

There can only be one issue in which we have serious difficulties. We say that it is not nice to discuss minorities without consulting these minorities. We think it is necessary for these national minorities to be able to say what is the problem and the recipe in their view, and to comment on whether or not the emerging solution is acceptable for them. Who else could tell how many school classes are needed in the areas inhabited by national minorities? I think we can achieve a solution in Paris that leaves the issue and the possibilities open, so that we can return to them at concrete negotiations. [passage omitted]

Vote Forecasts of Polling Agencies Compared

94CH0269A Budapest NEPSZABADSAG in Hungarian 9 May 94 p 1

[Unattributed article: "First Exit Poll Ever in Hungary"]

[Text] For the first time in the history of Hungarian elections, three polling agencies came forward with the projected result of the elections practically the moment the polls closed. The exit polls, the legality of which had earlier been questioned by the interior minister, indicate a great advance by the opposition parties, and among them especially by the Socialists.

The Median polling agency conducted its survey together with NEPSZABADSAG. Their preliminary plans were to conduct a survey in 704 districts, but as a result of last week's antipolling campaign, pollsters were turned away from several localities by the authorities. According to Median, it is conceivable that because of the campaign there were more people than usual among right-wing voters who refused to answer, and therefore they might have somewhat underestimated the percentage of national-conservative voters. Incidentally, the pollsters of Szonda Ipsos who prepared their survey for MAGYAR HIRLAP had similar experiences.

Median's survey, prepared on the basis of a national sample, was completed a few minutes after the polls officially closed. According to the survey, the Hungarian Socialist Party [MSZP] received 33 percent of the votes for party tickets. The Association of Free Democrats [SZDSZ] followed with 19 percent, while third place, with 11 percent, went to the Hungarian Democratic Forum [MDF]. The Independent Smallholders Party [FKGP] got 10 percent, and the Federation of Young Democrats [Fidesz] and the Christian Democratic People's Party [KDNP] got 7 percent each. According to the preliminary survey, three representatives were elected in the first round: Gabor Kuncze [SZDSZ] in Pest county, Tamas Suchman [MSZP] in Somogy county, and Agnes Gyarfas Rado, also a Socialist, in Borsod-Abauj-Zemplen county.

The Szonda Ipsos agency also conducted a national survey. Their ranking: 27 percent for the MSZP, 20 percent for the SZDSZ, 12 percent each for the MDF and Fidesz, 10 percent for the FKGP, and 8 percent for the KDNP. According to Szonda's data, of the 32 Budapest election districts, Socialist candidates were in the lead in 25 and Free Democrats in seven. Nationally, 104 MSZP candidates and 40 Free Democrats are in first place in the election districts for individual representatives.

The Hungarian Gallup Institute, whose pollsters questioned 134,733 voters, arrived basically at similar results. According to the afternoon survey of the Gallup Institute, the MSZP led with 31 percent. The Socialists were followed by the SZDSZ with 20 percent, the MDF with 10 percent, the Fidesz and the FKGP with 9 percent each, and the KDNP with 7 percent.

All three exit polls indicate that no new party will have seats in the Hungarian National Assembly.

Government's 'Strategy for Poland' Outlined

WS0206073094 Warsaw RZECZPOSPOLITA in Polish 1 Jun 94 p 8

[Report by D.E.: "Economic Strategy for Poland; Rapid Development, Lower Costs"]

[Text] During the weekend session of the All-Polish Trade Unions Agreement, Grzegorz Kolodko, deputy prime minister and finance minister, presented the concept of the "Strategy for Poland," prepared by the coalition of the Polish Peasant Party and the Democratic Left Alliance. The document specifies the goals that the coalition government will strive to achieve between 1994 and 1997, and envisions the measures that need to be taken and the threats that may arise. On Tuesday the strategy was discussed at the session of the government. On Monday the document reached the various ministers.

The "strategy" should contribute to the maintenance of a high rate of economic development. Between 1994 and 1997 the GDP may increase by approximately 22 percent, that is, by approximately 5 percent a year on average. Real consumption will increase by more than 10 percent. The rapid increase is to be accompanied by macroeconomic and systemic stabilization of the economy, which will lie, among other things, in the lowering of the rate of increase of the public debt: In 2004 it should not exceed 60 percent of GDP. The budget deficit should drop from over 6 percent in 1992 to approximately 2-3 percent in 1997. The inflation rate should be lowered to a single-digit figure by 1997. One of the fundamental springboards of the economic development will be production for export.

The document draws particularly great attention to the lowering of the social costs of reforms, the improvement of the living conditions (it is envisioned that the average wage will rise by 10 percent and the average retirement pension—by 7 percent); it also stresses just, efficiency-oriented principles of shaping wages and social insurances. It is expected that greater pressure will be placed on active forms of combating unemployment, whose rate should decrease from the current 16 percent to less than 14 percent at the end of 1997.

Here are some of the other main goals that are included in the "Strategy": striving for a rapid integration with the European Union, economic competitiveness on an international level, and reform of the economic center.

Apart from this general section, the "Strategy" also contains 10 main programs detailing the diagnoses, goals to be achieved, planned measures, possible threats, as well as execution criteria of achieving the main goals in such spheres, among others, as wages, unemployment, development of the rural areas, and development of the banking sector. Below we have briefly discussed this detailed section of the document; we have drawn attention mainly to the measures proposed and to the criteria of execution. The latter are not quantitive, but only qualitative. Despite that, in the future they will help evaluate the degree to which the various intentions of the government have been put into effect.

Partnership-Like Labor Relationships and Negotiation-Related Mechanism of Wage Regulation

The government wants to create modern labor relationships. The negotiation-related and decentralized mechanism of wage regulation will assign the state the role of an arbiter that resolves disputes between employers and employees.

This goal is to be achieved, among other things, through the amendment of the Labor Code; as a result, it will become possible, among other things, to:

—conclude collective work agreements at the level of enterprises, branches, and branches and regions;

—impose on the employer the duty of notifying the employee on the cause of an intended layoff; the employee will be guaranteed the right to submit reservations;

—adjust the leave law to the requirements specified in the 132 MOP [expansion unknown] Convention (among other things, increase the minimum leave, create legal guarantees allowing the use of leave every year);

—prohibit the employee from conducting any activities which compete with the employer during the period in which he is employed and for a year after this period.

Other plans are as follows:

1. Forming—in democratic elections, in all companies both public and private employing more than 20 persons—enterprise councils as supra-union employees' organs entitled to conclude agreements at the enterprise level.

2. Amending a packet of laws: on trade unions, on the organizations of employers, and on the resolution of collective bargaining; accepting such an interpretation of these laws which would guarantee a balance between the collective parties and the work relationships.

3. The status of the Tripartite Commission for Social-Economic Issues, acting at the central level, will soon be regulated. Apart from issuing opinions, the commission will be entitled to launch legislative initiatives, the contents of which would be binding for all parties.

Possible threats here are the barriers and possibilities of the economy's development and lack of progress in the restructurization of the economy, particularly in the ownership, organizational, substantive, technological, and regional spheres.

The government wants to treat the decline in the number of working days lost by the economy as a result of strikes as a criterion for the execution of this plan.

Reform of the System of Social Insurance

The government sees the issue of a systemic resolution of the issue of the social insurance as one of the priorities of its activities. A complex concept of reforming this sphere is being prepared; preparations are also under way to implement it. It must be realized, however, that the entire process will take from 10 to 20 years to complete. At the same time steps will be taken to increase the efficiency of the existing system.

One of the goals is to decrease the system's tendency to create conflicts, through the enhancement of its clarity and the individualization of the accounts of the individual participants of the system; to gradually decrease the insurance premium (which now amounts to 49 percent, along with the Labor Fund), until a proportion comparable to the world level (approximately 25 percent) is reached.

Between 1994 and 1997:

1. The law on financing and organizing social insurances and the law on the Social Insurance Agency will be changed;

2. There will be an individualization of the accounts of the individual participants of the system;

3. Principles of paying the subscriptions by employees and employers will be introduced which will make it possible to control the state of the account by any interested person at any time; as a result, private and state-owned companies will better observe the discipline of paying the premiums, which will increase the budget's revenues;

4. Identification cards will be introduced for all citizens; on the basis of the cards, events influencing the state of the account of each insured person will be registered;

5. The legal, institutional, and organizational framework of the functioning of the retirement pension funds and of the functioning of insurance companies will be created;

6. The present tax system will be modified in such a way as to make it possible for employees and employers to include the insurance premiums in the costs of obtaining the gains.

Moreover, the following is to be expected:

—decreasing the number of persons entitled to retirement benefits by prolonging the required employment period, equaling the retirement age of men and women, and sharpening the principles of retiring at an earlier age;

—suspending the benefits, if a certain income level is achieved, in the case of persons who are continuing (taking on) a job after acquiring retirement rights;

—changing the rules of the valorization of retirement and disability pensions (departing from the indexation in relation to the wage movement, in favor of adjustments to price changes; [no closing parentheses as published]

—decreasing the number of persons receiving invalids' pensions, by making detailed diagnoses of the health condition, by emphasizing rehabilitation before the pension is granted, by sharpening the criteria of granting invalids' privileges (especially in the case of persons who have maintained the ability to work—for example, liquidation of the third invalid group);

—regulating the payments of peasants' subscriptions to KRUS [expansion unknown];

—standardizing the rules of paying sick leave and maternity leave benefits in all sectors of the economy;

—enhancing the efficiency of solutions in the sphere of social protection for unemployed persons; placing emphasis on the control of the access to social benefits and using them as motivational factors.

The government wants to treat the decrease in the share of expenditures on social insurances in the budget's total expenditures as a criterion for the execution of the plan.

Countering Unemployment

In this sphere the government wants to pass on to an active policy, the intention of which is the stimulation of the process of creating new work places as well as the protection of public finances.

The goals that have been set are as follows: gradually lowering the unemployment rate, especially between 1995 and 1997, combating the chronic unemployment, and decreasing the scale of unemployment among young people.

The main measures that are expected to be taken are as follows:

1. Strengthening the pro-investment policy;

2. Linking modernization and restructurization programs more closely to the situation on the labor market.

The demand for labor will be increased, among other things, by great investment undertakings, initiated by the government, linked to the modernization of the technical infrastructure of the country; they will concern, among other things, the modernization of the road network and the construction of super highways, the development of the telecommunications, modernization of the railroads system, development of the natural gas supply system.

There will be a chance to limit unemployment and minimize its social results through the creation of special economic zones on the foundation of companies with a rich technical infrastructure, companies which have manufacturing property that is not fully utilized and which employ highly-qualified employees. One of the criteria of the evaluation of privatization undertakings is

the protection of work places. This not only requires that clauses concerning the level of the guaranteed employment are taken into account in contracts; it also requires investment commitments whose implementation will make it possible to maintain the existing work places and create new ones.

The policy of countering unemployment will be carried out at the regional level to a considerable degree; the criteria of including local labor markets in the group that falls under special activities will be sharpened. In these areas the instruments that are supposed to cause an increase in employment will be strengthened and concentrated. These will include, among others: Entitlement to an accelerated amortization of fixed assets, tax allowances for the training of employees and apprentices provided by individuals conducting economic activity, increasing of the employment limit which will not result in the loss of the right to pay taxes in the form of the tax charter, for a certain period—due to investment expenditure [as published], credit guarantees for small and medium-sized companies, granting unemployment benefits directly to the employers of the unemployed persons.

The following will be carried out in the social protection system:

1. Modification of the principles of paying unemployment benefits; greater emphasis will be put on the material situation of the family of the unemployed person and on the differences in the situation on local labor markets;

2. Change in the conditions of paying unemployment benefits and in the registration of the unemployed; unemployed persons who refuse to accept an offered job or training will be denied the right to unemployment benefits for a certain period or permanently;

3. A separate unemployment insurance will be introduced and a special insurance fund will be created, made up of the subscriptions of employers and employees, and earmarked exclusively for unemployment benefits. The establishment of the unemployment insurance will lessen the burden on the state budget—the burden of financing unemployment benefits, and it will allow an increase in the amount of money allocated for active stimulation of employment. The introduction of an insurance-related form of financing the unemployment benefits will require (with the current scale of unemployment) that subscriptions be set at the level of approximately 7-7.5 percent of the wage fund.

The main criterion of execution will be the decrease in the unemployment rate.

Development of Rural Areas

The strategic goal in this sphere is to help Polish agriculture and rural areas reach the standard of the highly-developed European countries, because this is the only way to defend Polish agriculture and peasants from foreign competition.

Development in the conditions of the functioning of the market mechanism will consist of a gradual limitation of the rank of agriculture and an increase in the role of food processing and distribution. This will be accompanied by the strengthening of economically strong farms, as well as the departure of weak and inefficient entities from agricultural production. Following are methods that will be used to stimulate these processes:

1. Stimulation of nonagricultural activities;

2. Interventionism, that is, a long-term, not a temporary, program of the state's aid for agriculure. Intervention of the state will assume the form of targeted aid, and will lead to an acceleration of structural transformations in agriculture and to the creation of work places in rural sectors other than agriculture.

The government will consistently limit direct, nontargeted intervention, which merely conserves the inefficient system of production, perpetuates old structures, and defers the indispensable process of transformations, by taking on a social function.

The government will work out detailed programs of assistance targeted for specific types of farms; it will define the conditions that the peasant and the farm must satisfy to be able to take advantage of the assistance; the document will also set down the forms of assistance and methods of returning it (return payments). So-called cheap credits for agriculture will be a limited form of assistance and will be available only to young peasants (to help them get started) and to farms which, with the help of the state, will pass through a period of transformation more quickly and which, after modernizing, will be able to pay off the credit.

The state will provide support and assistance in the financing of:

—the biological progress, peasant and social consulting, investments which result in the lowering of costs, improving quality, and limiting food losses;

—the development of the infrastructure, education, and various forms of training that will help peasants change their professions and work outside agriculture; the provision of elementary vocational training.

Emphasis will be placed on the development of vertical integration, especially on the basis of its simpler form—contracts between peasants and the government for the supply of agricultural products. This is an alternative to the central limitation of production.

The main fears concerning the changes in this sphere is the danger of conserving the existing situation in agriculture and the creation of barriers around Polish agriculture which protect it from foreign competition.

The main criterion of execution will be an increase in the percentage of inhabitants of rural areas that are employed outside agriculture in the total number of the population living in rural areas.

Investing in Human Capital

It is the government's view that the low amounts that were spent for many years on education and training, constitute a fundamental obstacle to restructuring the Polish economy today, as well as a factor impeding our international competitiveness. Therefore, the government will provide conditions conducive to investments, both by public and private subjects.

The goal, among others, is to widen the scope of educating the youth at high school and university levels.

In this area, the following can be expected:

- Gradual exclusion from the tax basis [podstawa opodatkowania] with regard to individual incomes, of part of the expenditures borne on investing in human capital;
- Inclusion of part of the expenditures borne on books, professional journals, scientific equipment and its software, into the cost of obtaining profit by teachers;
- Exclusion from the tax basis of donations for public educational, scientific, cultural, and health protection units.

The main criterion for execution will be an increasing role of expenditures borne on education, science, culture, and health protection, in the GDP.

Managing State-Owned Wealth and Processes of Ownership Transformations

The main goal which the government wants to achieve will be a clear improvement in the management of state-owned property through the establishment of strong, efficient, and productive management structures. This will be accomplished, among others, by transformations in the constitutive fundamentals of state-owned enterprises, strengthening the independence of the managements of state-owned enterprises of administrative organs, stabilization of the managing cadre, stabilization of the managing cadre through the application of managerial contracts and strong economic incentives, and an institutional separation of the State Treasury.

Shortly, the government, in cooperation with the concerned parties, will define areas of the state's crucial interests in which no ownership transformations are being planned, it will indicate an enterprise destined for privatization, and it will create the proper conditions for an efficient and speedy dissolution and bankruptcy process.

The main means of implementation are:

- Commercialization of state-owned enterprises and an institutionalization of the State Treasury;
- Setting in motion of the Program of Popular Privatization by establishing National Investment Funds;
- Implementation of the "Stabilization-Restructuring-Privatization" program which is being introduced with organizational and financial participation by the European Bank for Reconstruction and Development. The program covers those enterprises which are in a particularly difficult situation, and which will be subject to a process of bringing them back to health;
- Continuation of the process of financial restructuring of state-owned enterprises and banks (which was begun in 1993);
- Implementation of a long-term program of financial, asset- related, and organizational restructuring of those sectors which are particularly significant to the economy, like mining, the steel industry, the arms industry, and so on;
- Privatization of the Polish economy by using all possible privatization and decentralization-of-privatization-decisions techniques. Among others, the following will take place:

—Speeding up the sale of small and medium enterprises into leasing by employee companies, through a simplification of the procedures and a liberalization of the terms of leasing;

—Introduction of a new institution of State Treasury companies with employees or other private investors, enabling partial privatization, with the possibility of conducting full-scale privatization in the future, with the participation of the same or other investors;

- Undertaking rectification measures in enterprises that do not meet the criteria which are indispensable in the process of commercialization;
- Speeding up the process of dissolving enterprises which are continuously ineffective.

The main criterion of performance is an increase in the contribution of the private sector to the GDP.

Medium-Term Financial Strategy

Meeting repayments and servicing the cost of the foreign debt, requires development of the sector of production of export-bound goods and also of goods which are substitutive in relation to imports. It is a key issue in the long-term policy of a stable equilibrium in the balance of payments.

The financial strategy for the years 1994-97 is subordinated to the goal of implementing the fundamental goals of the economic and social program, that is to say, maintaining the rate of real economic growth at the level of about 5 percent per year, and a reduction of the inflation rate below the level of 10 percent in 1997.

Here are the main goals of the government's medium-term financial strategy:

- Gradual return to a balance in the budget sector. It will be taking place through a reduction of the deficits occurring in that sector vis-a-vis the GDP, from 3.9 percent in 1994 down to 2-3 percent in 1997, and also through a stabilization of the internal public debt at the level of below 90 percent of GDP and a lessening of the cost of servicing the debt from about 4 percent

of the GDP in 1994 down to 2.5 percent in 1997. This will make it possible to halt the decreasing trend occurring in the size of bank credits granted to the nonfinancial sector, and to accomplish a real growth of these credits at a rate that would approximate the real growth in the GDP;
- Mobilization of domestic savings and an improvement in the banking system's credit potential, as well as developing the financial and capital market;
- Maintaining the rate of real growth in expenditures and revenues in the 1994-97 period at below the rate of growth of the real GDP, and also maintaining the rate of real expenditure growth at below the level of the rate of real revenue growth;
- Stabilization of the growth of foreign currency reserves (but the document fails to define at what level), despite a negative foreign-trade balance when it comes to routine turnover in the entire period up to 1997;
- Gradual reduction of the foreign trade deficit vis-a-vis the GDP, as a result of a real and almost 1.5-time growth in exports compared with the growth in GDP, and as a result of reducing the distance between the real rate of import growth and the rate of general economic growth;
- Maintaining the stable situation in the balance of payments over the medium term, with a very strict observance of repayments due and of servicing the foreign debt, in accordance with stipulations agreed upon with the Paris and London Clubs;
- Denomination of the zloty and introduction into circulation of new banknotes and coins effective 1 January 1995.

Monetary policies will play a fundamental role in stabilizing the economy. The main instruments of that policy shall be:

- Maintaining credits for the nonfinancial sector in relation to the GDP at the level which is expected at the end of this year, that is about 19.5 percent;
- A fall in real and nominal interest rates; the process will be influenced by the restructuring and by injecting additional capital into the banking sector, as well as by a gradual reduction of the rate of mandatory reserves;
- A clearly slower rate of reduction of interest rates on bank deposits than a reduction of interest rates on export credits, along with (in the initial stage) guarantees by the state budget;
- The kind of policies of foreign currency exchange rates which will maintain a stable relation of the zloty's real value to convertible currencies, with a simultaneous observance of the principle of a creeping growth of the exchange rate, which would be ever decreasing, along with a fall in the inflation rate;
- A gradual change in the tax structure, which would be aimed at increasing the role of indirect taxes in general tax revenues, with a gradual reduction in the burden of income taxes, especially through a wider application of tax breaks;
- An increased discipline of budget expenditures, including a reduction of the cost of servicing the domestic public debt, as well as slowing down the excessive rate of growth of expenditures borne on retirement pensions, other kinds of pensions, and social transfers. A fundamental part in that regard will be played by: A reform in the system of social insurance, establishment of retirement-pension funds, changing the principles of indexing of retirement and other kinds of pensions, a reduction of the cost of social protection along with targeting those social groups that are really the most needy, as the recipients of that protection;
- At least a partial inclusion of the results of the activity of the economic "gray area" into the tax rate basis ("tax basis").

The main risk lies in the danger of inflation. Its return—or a reduction which would be lower than assumed in the program—will automatically mean a decreased reduction of interest rates and deteriorated conditions for investment and economic growth.

The main criterion of execution will be a fall in the relation of public debt to the GDP.

Development and Reforms of Financial Sector

The government's main strategic goal is to take further measures for the sake of developing a strong, diversified, and efficient financial system. Measures will be continued for the sake of strengthening the National Bank of Poland's [NBP] independence and position as the state's currency-issuing bank and the government's financial agent, with a simultaneous freeing of NBP of ownership-investment and supervision functions. The government's policies toward the banking sector will be very clearly aimed at making its role in the process of economic growth more active through injecting additional capital into the banks, an improvement in the security of economic turnover, and so forth.

Stimulation and supporting the process of consolidation of commercial banks is supposed to be accomplished through, among others:

- Supporting the process of more efficient and stronger banks taking over weaker banks which are incapable of acting on their own;
- Attaching inefficient banks acting in the form of Treasury-owned joint-stock companies, to those banks which are the State Treasury's property, and which have demonstrated a capability to generate profit for the owner and a simultaneous rise in the real value of their own funds;
- Establishment of regional and supraregional banks, with the ultimate goal of establishing between 10 and 20 of them in Poland;
- Establishment of a network of specialized banks, geared toward servicing specific kinds of activity, specific markets, types of operations, and so forth;
- Transforming employee "grant-and-loan funds" [kasy

zapomogowo-pozyczkowe] and cooperative savings-and-credit funds, into local funds and societies of credit self-help.

A Bank Guarantee Fund will be established which will function as a guarantor of bank deposits. This will take the burden off the central bank and the state budget in terms of responsibility in that area.

An independent organ of banking supervision will be separated from NBF's structure, giving it the importance of a chief supervision organ.

Gradual consolidation and demonopolization of the insurance sector will be conducted, among others through supporting the process of integration among small insurance companies and applying selectivity in granting licenses to foreign firms.

By the end of 1994, an insurance supervision division will be established within the Finance Ministry, and an independent Office of Insurance Supervision will be established.

Before the end of 1994, the proper conditions will be created, enabling operation of both closed and open (of the "Pioneer" type) trust funds.

The government will support the process of entry into the market by institutional investors other than trust funds, like insurance companies, retirement pension funds, and to some extent also banks, especially those which are geared toward investment activities and toward guaranteeing new issues [emisje].

The government will support the establishment of venture funds [preceding two words in English] to diversify the sources of financing developmental ventures of a high risk factor, which by definition cannot be covered by financing coming from banks.

A further development of the Warsaw Stock Exchange will be continued, among others through the building of a second and third hall. At the same time, measures will be undertaken to initiate a stock exchange for date operations [gielda operacji terminowych] for foreign currencies and stock-market instruments.

The main criterion of performance is a reduction of the differences between interest rates on deposits and interest rates on credits.

Security of Economic Transactions and Absorption of "Gray Area"

Development of the so-called "gray area" is a result (and also the reason) of the lack of security of economic transactions.

Therefore, the government will make efforts to:

- Popularize noncash transactions by using bills of exchange, and by securing executability of claims arising out of bills of exchange;
- Encourage the use of checks in economic transactions;
- Prevent many crimes in banking, checks, and bills of exchange transactions, and also increase the rate of detection of these crimes;
- Introduce a uniform system of rendering payments by using magnetic cards (including foreign-made ones);
- Introduce the obligation to have a bank account by every economic unit fulfilling specific criteria (for instance involvement in economic transactions);
- Improve the system of bank noncash settlements, among others through supporting the work conducted by the National Settlement Chamber;
- Introduce institutional barriers to prevent so-called money laundering.

In relations with foreign countries, and especially in the state's foreign-currency policies, limitations on capital transfers out of Poland, shall be maintained over the next few years. Some provisions for protecting Polish investments will be widened, through conclusion of bilateral agreements on protecting and supporting investments.

Perfecting institutional mechanisms in the area of taxes on merchandise and services, is being planned (widening the subject and object scope of the tax; perfecting the system of turnover taxes; eliminating unfair competition; imposing taxes on unregistered activity, mainly in the so-called "gray area," which will be accomplished through a continuously updated and uniform database on taxpayers; a duty to apply fiscal cash boxes [kasy fiskalne] in retail trade and other popular services, which will be introduced in stages; improving the system of documentation and circulation of documents, among others with the goal of mutual identification of taxpayers).

Further measures include, among others, the widening of the scope of investment breaks in income tax, establishment of a popular taxpayer database, introduction by the Finance Ministry of a complete and comprehensive information system of real estate for fiscal purposes, and creating incentives and the proper conditions for revealing the entire profit by registered companies.

Effective in 1995, customs services will be subordinated to the finance minister, making it possible to comprehensively settle customs and tax payments by just one integrated apparatus.

In addition, the following will be accomplished:

- Establishing an institution of deposit insurance which will operate in the form of a fund, guaranteeing bank deposits by individuals and by economic units;
- Establishing a credit insurance fund, with the participation of the State Treasury, and with the goal of providing credit guarantees for small- and medium-size enterprises which do not have their own capital—the fund will make it possible to obtain credits by conventional means.

The main criterion of execution is a fall in the rate of economic crime, and a widening of the tax basis.

International Competitiveness of Polish Economy

The main goals are:

- Establishment of a modern economy that would be characterized by a significant contribution of exports to the GDP, and a beneficial position in international trade;
- Establishment of the proper conditions that would attract foreign capital and effectively use it in the process of development;
- Poland's integration with the world economy (European Union, European Free Trade Association, CEFTA), and Poland's institutional presence in the system of international cooperation.

The main means of accomplishment are:

- Persistent implementation of the already existing programs of action, like: Fundamentals of the states' pro-export policies, timeframe for the implementation of the state's pro-export policies, programs supporting Eastern policies, fundamentals of the policies of economic cooperation with countries of the former USSR, East and Central Europe, and with China;
- Continuation of the process of building a network of treaty-based agreements which will open up the cooperation of Polish and foreign economic units, with the goal of a geographical widening of markets;
- Intensification of promotion of exports, especially to European countries, and also to China, Japan, India, countries of Asia and the Pacific, Latin America, and the Middle East;
- Preparing a draft law concerning insurance with regard to export credits from noncommercial risk, as well as strengthening and enlarging the Corporation for Export Credit Insurance.

India's Sharma Departs After Signing Agreements

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[Text] India and Romania have signed agreements on cooperation in combating terrorism and for promotion of cultural exchanges and tourism. The agreements was signed at the end of the four-day state visit of the president, Dr. Shankar Dayal Sharma, to Bucharest.

The home minister, Mr. S.B. Chavan, signed the agreement on combatting international terrorism, organized crime, and illicit trafficking in narcotic drugs. It is to be implemented by home ministries of the two countries. The agreement on tourism envisages a joint campaign to promote tourism and exchange of information and personnel. The cultural exchange programs cover exchange of dancers, musicians, theater groups, academicians, and scientists. Our special correspondent, Ram Behari Vishwakarma, reports from Bucharest that the two countries have also signed a declaration of principles and directions of cooperation under which they pledge to interact with each other in various fields for mutual benefit.

The president has since left Bucharest for home at the end of his state visit to Romania. Before his departure, Dr. Sharma expressed great satisfaction over his visit, during which wide range of bilateral, regional, and global issues were discussed. He said Romania's transition to market economy and India's steady progress as one of the world's largest markets opens tremendous possibilities for cooperation between the two countries. The president said India-Romanian friendship and cooperation can make a valuable contribution to the cause of building a peaceful and nonviolent world. The Romanian president, Mr. Iliescu, has accepted an invitation from Dr. Sharma to pay a state visit to India.

Nastase Views Party, National Politics

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[Interview with Adrian Nastase, executive president of the Social Democracy Party of Romania and speaker of the Chamber of Deputies, by Ileana Lucaciu; place and date not given: "The Revolt of the Facts Against the Law"]

[Text]

Petty Moves

[Lucaciu] As you well know, we are too much in the habit of implementing the saying that "if I am going to go down the drain, I may as well take my neighbor along with me." Why do you think that this saying is so popular with us Romanians?

[Nastase] One could speculate at length on the meaning of this saying. I believe that we have not yet managed to develop a sentiment of solidarity around certain common interests. Maybe these common interests are not all that clear to us, or were not properly explained to us. They do not provide enough motivation for the public at large, the journalists, and the political forces. Therefore, all we are doing is resort to petty moves, the end result of which is zilch, meaning that they lead nowhere. It is a pity, since we are thus making no headway whatsoever. We should aim at pointing out the essential and remove, as much as possible, the ballast of our resentments and learn to appreciate true value and merit. The thing about dragging the neighbor down the drain along with you does not apply anywhere else in the world. There are political debates and contrary opinions in all countries, but things are much too personal in our country. In Romania, the parties are personalized and they mainly appear before the public through their leaders, not their structures. Because of this personalization, the overall political life is too personalized, as well. Only to the extent that the parties become more solid will they be able to function better as organized entities and will we manage to put an end to this individualistic dimension and extreme personalization of Romanian political life.

[Lucaciu] Is it worth getting involved in politics, so that one may be judged severely by the public at large at some point for all that one has done?

[Nastase] Anyone entering the political life is actually entering a stage, whereby all your details can assume greater proportions due to the assorted stage-lighting. Some of the people backstage can throw a certain light upon you in order to emphasize a given detail. All this is inevitable.

[Lucaciu] So, whoever enters the political battle must assume the risks of the trade.

[Nastase] I would not say that it is not natural to attack political figures. However, I believe that a balance should be struck between one's political activities and one's private life when passing judgment on a politician. The politicians also have parents, families, and children. Flinging mud at people is unacceptable in the private sphere. Therefore, many politicians have begun to withdraw from politics and enter the business world, where they can make more money. I believe that a certain degree of understanding should be reached and certain practical limits be agreed upon as far as politician hunting can go. Even hunting animals has its own rules. For instance, you may not shoot at a pheasant on the ground or at a rabbit that is standing still. You may not fire more than two shots. These are a few rules that are supposed to give the adversary a chance. For instance, if a newspaper with a certain circulation aims at starting a hunt for politicians, it can cause such an upset that it might affect the entire political life.

[Lucaciu] Does that mean that you favor a press law?

[Nastase] No, because I do not believe that a law can solve this problem. I believe in correlating one's rights with one's responsibilities. I do not know how one can achieve this practically. Many countries practice a kind

of self-censorship. I do not think that this is possible in our country. However, it is obvious that journalists should display a certain degree of responsibility.

The Wall of the Electoral Result

[Lucaciu] Let us not forget that the press—the same as the economy and even politics—is going through a tumultuous period of transition. Do you believe that, in this period of transition, Romania is experiencing a political crisis?

[Nastase] There are several aspects to this question. First of all, we must clarify the meaning of crisis. Does it mean an extreme institutional malfunction? Does it mean a breaking point that requires other solutions than the usual ones? Paradoxically, the functioning of Romanian society and its stability have not experienced dramatic upheavals as of September 1991. No dramatic elements have appeared at the domestic level since. Therefore, the political life in our country has proceeded without major malfunctions for the past three years. I am not sure that we are in a situation of crisis. We are in a state of constant searches, political struggles, and attempts to find better or worse answers to the current problems. We are trying to adjust the current aspirations to the electoral results of 1992. As a matter of fact, we are faced in parliament with the electoral choice of 1992. This is rightfully called "the revolt of the facts against the law." A certain codification of the electoral options took place in 1992, after which all kinds of political developments occurred, all of which bumped into this wall of the electoral result. This wall, created in 1992, can resist until 1996, when the next elections are scheduled, or it can disintegrate under the pressure of the accumulation of facts, expectations, and aspirations.

[Lucaciu] Dismantling this wall before 1966 would imply early elections. Do you believe in the possibility of holding early elections?

[Nastase] I do not believe in it. However, I can tell you that, theoretically speaking, if the 1992 situation can no longer contend with the current political reality at all, then early elections might take place. We have not reached this point yet and the major political parties in Romania are not interested in early elections. The stability we have had since 1991 has been achieved on the basis of a delicate balancing act that has required extraordinary efforts.

[Lucaciu] The latest public opinion polls show that the same electorate from 1992 no longer trusts the people it has elected. In my opinion, the credibility of the parliament and government has decreased to an alarming level. Does that not mean that we are in a time of political crisis?

[Nastase] Public opinion polls in most countries show a lack of trust in the respective parliaments and governments. Therefore, I would not take these results in our country as unequivocal. What is more, no matter what parliament or government functioned in Romania at this time, the discontent would still be present. You should also note the level of trust in the political parties represented in parliament. One cannot make a direct correlation between the lack of trust in parliament and the lack of trust in the political parties. In the last instance, we are faced here with a state of expectancy. The parliament—not as a political institution, but as a legislative institution—is called upon to do more.

[Lucaciu] Before last summer's National Conference of the Social Democracy Party of Romania [PDSR], you issued an open letter through which you managed to trigger off an epistolary dialogue, out of the desire to clarify the doctrine situation of the party. In my opinion, things have not yet been clarified—proof of which is the denigration campaign against you, a campaign that you yourself have said may not be alien to the doings of some of your party colleagues. Why did this situation arise?

[Nastase] Compared to the situation last summer, when it was not very clear how the party members were contemplating their ideology and action strategy, the situation has changed. The National Conference has helped quite a lot to emphasize a theoretical development and modern tackling of the social-democratic doctrine, which increasingly more party members have adhered to in recent months. I believe that, right now, the great majority of the party members are following this line and are making efforts to build a modern center-left party that is European in its approach to problems and national in its approach to interests and values. Of course, there are also some people who are probably afraid of changes. I do not know whether personal interests are necessarily at stake there. However, they might be afraid of the unknown...

[Lucaciu] Looking at the rather diverse attitudes of some PDSR parliamentarians at times, one may note that they are much closer, from a doctrine viewpoint, to the PDSR's satellite parties—the Greater Romania Party [PRM], the Socialist Party of Labor [PSM], and the Romanian National Unity Party [PUNR]—than to social democracy.

[Nastase] The answer is yes and no. Maybe this aspect was more obvious at the beginning. However, with the passage of time, we explained to everybody that we must clearly delimit ourselves from the other parties and I believe that this was pretty well understood. The problem is more of a practical nature. The voters can only give their vote to a single party, which can be the PDSR, the PRM, or another one. There can be no amorphous structure. There might be some common interests and strategies. But in the last instance, we must clearly know what the boundaries of our party are. Regarding the labelling the people as categorically belonging to a certain sphere or not, I believe that things have changed a lot since last year. It is necessary to make a much more careful analysis of the party structures, including at the regional level. In my opinion, many people have moved toward a position of expecting and desiring the modernization of this party.

[Lucaciu] I am looking now at a note published in CURIERUL NATIONAL daily, which prints excerpts from an interview granted by PDSR Spokesman Dumitru Paslaru to the BBC. I am going to read a sentence from it, which I would like to comment on: "We are dealing here with an attack against a political leader who has managed to make a name for himself and to elevate the party and make it stronger than it should have been." What might be the meaning of "stronger than it should have been"?

[Nastase] I think Mr. Paslaru placed the emphasis on the wrong word. He wanted to say "stronger than others would have liked it to be." Since I know him well, I am convinced that this is what he wanted his comment to be. But then, it is pretty hard for anyone to comment on everything that has happened of late. He wanted to express his support, but he also lacked enough information, hence he found it hard to give an explanation. The most shocking thing about these attacks against me is that they did not take place in 1990, 1991, or 1992, but now. Why did they come when I was away on a visit to Germany? First, I was accused of having four houses, then of having only one house, then no house at all, since I had given it away as a present. These things are pretty strange and the question is: Why did it all happen at this time?

[Lucaciu] Nevertheless, what explanation do you have for the fact that this concentric fire is aimed only at you?

[Nastase] For the time being, I have adopted a wait-and-see attitude. The skeptical philosophers of antiquity used to say that when you have no answer to a question, the best solution is to suspend judgment on the question for a while. This is exactly what I am doing now. What is more, my position is very clear and, in the coming days, I will submit all relevant acts on the issue of the houses to the relevant parliamentary commission—since it takes some time to collect all documents—and then I will continue with my other, more important, activities. This week, we will resume our visits to the provinces. I no longer intend to continue my game with the daily ADEVARUL [which has published allegations about Nastase illicitly acquiring several houses in Bucharest]. I consider it beneath my dignity.

[Lucaciu] [PUNR President] Funar's party is one of the PDSR's allies. Do you believe that the PUNR is involved in the Caritas [Cluj-based money-multiplying Ponzi-scheme] affair?

[Nastase] I do not intend to investigate this matter, since I do not have the necessary details. I did not see the file. From the very beginning, I considered the Caritas game as a damaging phenomenon for Romanian society. I made this statement some time ago, when I first visited Cluj. At the same time, I pointed out why I and the party I represent cannot agree with Caritas and with its way of making money.

[Lucaciu] Why did you not start a legislative initiative at the time to curb Caritas and other such allegedly "mutual assistance" games?

[Nastase] The word was out at the time—and maybe there was some justification to it—that Caritas was just waiting for an excuse not to have to pay out the money it promised and to also have somebody else to blame for it. A legislative initiative at that time would have encouraged the Caritas people to claim that the initiative had destroyed the people's trust in the scheme, therefore the PDSR or the government should pay the people whose turn it was to receive money. My statements—at least in the Caritas case—were unequivocal. I said that the people should be warned about the risks of playing the Caritas game. Regarding the PUNR position vis- a-vis Caritas, I believe that they should clarify this matter themselves. When we held our talks with the PUNR, one of the first explanations we demanded from them was whether they are involved in the Caritas scheme or not. Their official answer was a categorical "no."

[Lucaciu] What do you have to say about Mr. Gheorghe Funar's participation alongside [Caritas director] Ioan Stoica in a television program?

[Nastase] I did not see that broadcast, but many references were made to it. We were told that the program was shot in different studios... I do not remember their explanations very well. However, the PUNR's position was that they are not involved in the Caritas scheme. If there are documents that prove their involvement, it is obvious that the matter should be discussed by us, by taking the proof into account.

Good PDSR and Bad PDSR

[Lucaciu] The PDSR has negotiated not only with the PUNR, but also with the opposition. What conclusion did you reach at the end of these negotiations?

[Nastase] The discussions were halted for the duration of the budget discussion in parliament, without an "armistice" or an "end to hostilities" being declared. The budget itself represented a political struggle, and each side gathered its big guns to make their point. No serious talks can be held at such a time, and consequently the negotiations will be resumed after the budget is finalized. The conclusion of the talks is that each political force in the country needs to mature itself from a political viewpoint. This dialogue should become a means of communication even in delicate situations. Otherwise, blockages may emerge, with irreparable results through their recurrent effects. We have achieved a very important thing, namely a personal dialogue, which is more than we had in 1991 and 1992. We have gained a lot from that. It is the difference between "means" and "results." Of course, no major or spectacular result was obtained. Some people thought that another governmental team and a new parliamentary majority would be put together after two rounds of negotiations. Certain political parties expected such a thing. But the discussions revealed that changing the parliamentary majority

is no easy thing to do. One cannot ignore the fact that we are working in 1994 with a parliament elected in 1992. These results cannot be changed easily.

[Lucaciu] Let us call things by their name. The opposition is demanding that the PDSR should distance itself from the PSM, the PRM, the PUNR, and the Agrarian Democratic Party of Romania [PDAR], with which you make up the current coalition.

[Nastase] I do not deny that the opposition is demanding this. They consider this aspect to be very important. However, there is a matter of a nuance here. We are asked not to distance ourselves, but to politically separate ourselves from them. We are also the recipients of other advice as well, namely that the good part of the PDSR should join the opposition and the Democratic Party (National Salvation Front) [PD(FSN)] to make up the difference from 47 percent to 51 percent. However, let me assure you that we are not interested in having our party toe somebody else's line. Of course, from the opposition's viewpoint this would be a most useful and appealing formula. If they can get the 51 percent, they would have no further problems. They would like to take 4 or 5 percent from the "good" PDSR, to add to their percentage. We do not want to turn ourselves into an insignificant minority part of another governmental formula or parliamentary majority formula. Until now, the opposition has failed to convince us that what it is suggesting is also to our benefit. To put it bluntly, the offer is interesting for the opposition, but I do not see how it can be interesting for us, too.

[Lucaciu] You are talking about good and bad parts of the party. If the PDSR ceases to be a ruling party, meaning that it is no longer in power, will it not go the way of the former National Salvation Front [FSN] and split?

[Nastase] I do not think so. Maybe a couple of people will leave, but their place will be taken by others. There will always be an ebb-and-flow movement in the party, as is the case with others parties, too. The PDSR has already acquired its own physiognomy and can overcome even an internal crisis. Some people rely too much on what you just said, and they are very wrong. I only believe in the need to bring about a change within the party, minute by minute and day by day. This is what is actually happening, but it is not all that visible. I have noted this change in the territory. There are valuable people who want to join the party. The PDSR is like a snowman, which we are building and which is turning from a hastily put together dwarf into a big snowman.

[Lucaciu] May I remind you that snowmen eventually melt?

[Nastase] The observation is very correct. I should better say "like a man made of clay or precious metals."

The Restoration in Attitudes

[Lucaciu] The fact that the PDSR tried to impose its people at all administration levels and in the executive, like the Romanian Communist Party [PCR] did in its time, has led to the conclusion that a restoration is taking place in Romania.

[Nastase] I do not know, it seems that many ministries have always functioned with their own apparatus. Whether they functioned well or not, well, this is debatable. These people, which form a separate structure, have functioned under the Petre Roman, Theodor Stolojan, and Nicolae Vacaroiu governments. There is a good and bad aspect to this situation. The teams will change with the passage of time. The great majority of these clerks were not hired now; most of them have worked in these ministries since 1989. I repeat, I do not know whether this is good or bad. Where the basic apparatus of an institution was destroyed, an implosion usually occurred. An example of this is Bulgaria, where the foreign minister sacked half of the employees—if not more of them—with the end result being that the respective ministry practically collapsed. Such things happened in our country, too. I do not know what you mean by restoration. If you mean that we must not agree that those people who held positions at a certain hierarchical level on the country's technical and political scale before 1989 should hold even higher governmental positions now, well, this is certainly something worth discussing.

[Lucaciu] What is your opinion about the fact that a high clerk in the Ministry of Culture, the poet Ion Gheorghe, can claim that "the moment of 22 December 1989 is a crime against the Romanian people?" His presence in the ministry is proof of the phenomenon of restoration.

[Nastase] I agree that we can talk about a restoration in attitudes, but not about somebody's appointment to a given post. I agree with your assessment of the poet Ion Gheorghe's comments. Such a statement is inadmissible!

[Lucaciu] Such statements, as well as those made by other people still longing for the Ceausescu [Nicolae Ceausescu, former communist ruler] era, are pretty worrisome.

[Nastase] That is why we must continue to pay great attention to the manifestation of such attitudes and ensure that our society is perceived by everyone as a society that is worth living in.

[Lucaciu] But you see, there are such nostalgia-stricken people even within the PDSR.

[Nastase] I do not know who you are referring to.

[Lucaciu] I am referring to the articles signed by Messrs. Vacaru [PDSR vice president Vasile Vacaru] and Dumitrascu [Gheorghe Dumitrascu, PDSR senator for Constanta] in Adrian Paunescu's [PSM vice president] daily VREMEA on 26 January, Ceausescu's birthday anniversary.

[Nastase] I do not know whether all these articles should be taken literally...

[Lucaciu] In one of [Supreme Court Judge] Antonie Iorgovan's letters, which fueled the polemical dialogue in the press, he maintains that the country's president should not belong to any political party and should be independent...

[Nastase] This is a formula that I do not understand very well. In his opinion, a country's president should be someone held in a kind of test tube, so as not to be contaminated by political ideas. If that is the case, then we may one day have to bring somebody from abroad who has had no contact whatsoever with Romanian political life and is completely neutral. If we bring him from the East, it is bad, and if we bring him from the West, it is also bad. Maybe we should bring him from another planet. In my opinion, Iorgovan's proposal is naive. Nowhere is the president accepted and voted for by the entire electorate. Some presidents are elected by 51 percent of the votes, others by 55 percent. Look at the Americans or the French! After the elections, they become the presidents of all the voters! Everything depends on the ability of the politicians to realize their duties at a given time, otherwise they will eventually be held accountable for their failure. If a president takes someone's side too much, he will be punished for it. He or the party he represents will surely be punished at the following elections. We must realize that the current institutional construction in Romania becomes validated with the passage of time. Both the parliamentarians and their parties will be voted for at the next elections to the extent that they have performed adequately.

[Lucaciu] This is also the PDSR's case. Mr. President Ion Iliescu has started on his road with your party. Therefore, you will jointly reap the fruit of your achievements and failures, proceeding from the assumption that you will also jointly contest the next elections. The law on everything being sanctioned by the passage of time will also apply to the PDSR-Mr. Ion Iliescu tandem.

[Nastase] Formally, if the president wants, he will be endorsed by the PDSR. He can also run as an independent, but I believe that he will accept to be supported by us and probably by other parties, too. Everybody knows that he was the first president of this party, which proposed him for the position of the country's president. Therefore, it only seems natural to me that, six years from now, when he is no longer the country's president, he should return to the PDSR. This happens in all countries in the world. This president-party relationship is not something abnormal.

[Lucaciu] In his capacity as the country's president, Mr. Ion Iliescu should be neutral from a political viewpoint, as the Constitution stipulates. However, due to his sentimental nature, he does not forget you and often holds consultations with the PDSR.

[Nastase] At the party level, Mr.Ion Iliescu holds consultations with us, to the extent that he has consultations with other parties, too. Occasionally, we also want to meet with him and he kindly accepts it. However, please note that Mr. Ion Iliescu meets with politicians from all parties. His agenda is proof of the fact that he often has such meetings.

[Lucaciu] A recent PDSR-Mr. Ion Iliescu meeting took place at Cotroceni, with the "Nastase case" on the agenda.

[Nastase] Four subjects were discussed at that meeting. The press campaign against me was not a distinct subject of discussion. Of course, this element was brought up at a certain point. However, the matters of interest for our Central Executive Bureau meeting were those linked to the basic problems of our political life.

[Lucaciu] Still, what did Mr. Ion Iliescu have to say about this campaign against you?

[Nastase] My opinion is that some people thought that my relationship with the president is too good and it should be destroyed, so as to hurt me and, I think, also him. Of course, much speculation can be made in this respect. As far as I am concerned, I looked back in time and could find no moment of tension between President Iliescu and myself. On the contrary, we have always understood each other very well. I have always told him what I thought, and I believe that this helped him to take certain decisions. I consider Mr. Ion Iliescu to be a political figure who has made a great impact on our political life in the past five years and who will continue to play an important role.

[Lucaciu] Have you ever thought of running for the position of Romania's president?

[Nastase] To be honest, I have never thought of this, for quite a few reasons. First, I do no think of a problem when it does not arise. Right now, we have a president, new elections are going to be held two years from now, and I think that President Ion Iliescu should consider running again for a new mandate. I am 44 years old and I do not think that a country's president should be that young. I do not know whether I would be ready for such a position. I lack the necessary experience, since I have only been politically active for the past five years, which is far too little. As a matter of fact, the issue of the presidency is slightly exaggerated in our country, since we attach too much importance to the position of president. Of course, this comes from our past and from the idea that we need a fatherly figure. If you read the constitutional stipulations about the president's prerogatives, you will note that they are rather limited in Romania. They mainly refer to his capacity to influence. Thus, I assure you that the life of a foreign minister can be far more interesting than the life of a country's president, which should not be envied. Therefore, I have not bothered to think of the problem raised by your question.

Some People Were Scared by the Public Opinion Polls

[Lucaciu] I asked you that question because a recent pubic opinion poll showed you to be the most popular political figure.

[Nastase] The polls change from one week to another, if they are correct at all. Personally, I do not pay too much attention to these polls, but others seems to have attached great importance to them, got scared for reasons I fail to comprehend, and then leaked all kinds of messages and interpretations, some of which found their way to a certain newspaper [ADEVARUL]...

[Lucaciu] You stand for change and modernization in politics. What about the family life? How do you see the husband-wife relationship in your rather large family? Are you still subscribing to the old principle that the wife should stay at home, care for the children, and wait for the husband with the meals ready?

[Nastase] My wife is a very practical and dynamic woman. I humbly admit that I would have liked my wife to stay at home. On the other hand, I cannot ignore the fact that, if I were to stick to such an old mentality, I would practically risk destroying my family. I cannot ask my wife to wait for me at home with a hot meal from early in the morning until 11-12 at night, when I come home after work. I admit that I would like that, but I am rational enough to realize that if she did not have something to do and all she had to do was read the papers that attack me, then she would begin to suffer from anxiety. That is why I encouraged her to find a job for herself. She is working on a project now. Maybe she will publish it, I do not know... The truth is that, these days, a woman can no longer stay at home as in the past. We, men, should also change our mentality. I am making efforts to change my attitude, but I admit it is pretty hard.

[Lucaciu] I hope you will not be angry with me if I ask you where the nickname "Sweetie" comes from? I heard it from some of your PDSR colleagues.

[Nastase] This nickname does not even bother me. I believe I was given this nickname because I am slower by nature, softer in the way I express myself, pretty easy-going, and with round, less sharp features. Maybe this is the source of it all. It is only natural that I should also have a nickname, since almost every politician has one. I find it hard to judge whether this nickname suits me or not. After you also wrote a lot about my nickname, people said that I am authoritarian, tough, and inflexible. I do not know how these statements tally with the nickname of "Sweetie." Maybe those who claimed all those things did it too hastily.

[Lucaciu] At the beginning of your parliamentary mandate, I believe that the nickname suited you, since you were chairing the sessions far too delicately. Then, when you were faced with the hardships of tumultuous parliamentary life, you let go of the little bell and started making use of the alarm gong and so forth.

[Nastase] I believe that we cannot make any headway in our parliament without a little firmness in chairing a session. The deputies have also begun to accept that the session chairman should play a more dynamic role. At times, someone is needed to break the deadlock, by putting together certain ideas in order to reach a compromise. Otherwise, hours on end would be wasted, without any results being achieved.

[Lucaciu] Is compromise a specific method in politics?

[Nastase] Compromise is absolutely necessary, it is the essential way in which many political problems can be solved. Compromise is the key answer to any political dispute. Of course, basic principles of values must not be affected, but a balance of interests should always be achieved.

[Lucaciu] What disturbs you most at this time?

[Nastase] The fact that I am in politics and that I must keep on going. What I have just said—that sometimes I feel like retiring from politics—is something that preoccupies many politicians. I—as well as my wife and parents—am also asking myself, quiet often, whether it is worth it to stay on in politics or devote myself more to my family. Those close to me suffer along with me for the attacks in various articles, and I know how ill- meaning they are. But then, I must probably have a sentiment of duty... I do not know whether this is good or bad... I inherited this attitude from my father, namely that I should not desert something when the going gets tough... Nevertheless, the question remains whether it is worthwhile staying in politics or not?! Many people are asking themselves this question today...

PNTCD Leader Cited on CDR, Monarchy

AU3005182794 Bucharest Radio Romania Network in Romanian 1300 GMT 30 May 94

[Text] During a news conference by the National Peasant Christian-Democratic Party [PNTCD] today, the leadership of that party termed the proposal made by the PL-93 [Liberal Party-1993] on converting the Democratic Convention of Romania [CDR] into a single political party as, quote, a game and a diversion. The melting of all the groupings belonging to the CDR into a unique party may actually be interpreted as the efforts of certain people with dictatorial tendencies, unquote, [PNCTD Chairman] Corneliu Coposu emphasized, adding that the unification of parties is made on the basis of the fusion of their interests rather than on the basis of decrees.

Furthermore, Coposu remarked that the PL-93 proposal may also be interpreted as an attempt by that party to divert attention from the need to reestablish the unity of the liberal movement.

Answering a question related to a statement he had made in Paris in connection with the form of government in Romania, the PNTCD chairman confirmed that he had made a statement emphasizing that, in his opinion, at present the solution for salvaging Romania would be the restoration of the monarchic principle. We consider that King Mihai is the sole personality having the vocation able to concentrate the sympathy and the aspirations of the Romanian people, Coposu said, also mentioning that despite the fact that the PNTCD did not vote in favor of the Constitution, it will observe its stipulations as long as it is valid. However, this does not exclude the PNTCD's intent to alter it if it wins the majority in parliament, the PNTCD chairman added.

Talking about other issues, Coposu commented on the adherence of the Romanian Mining Trade Union Confederation to the principles of Christian democracy, expressing his hope that future visits by the miners to PNTCD headquarters will be in accordance with those principles.

Regarding the program for public investments that was discussed during the 28 May cabinet meeting, Senator Radu Vasile stressed that the PNTCD will support this idea of furthering economic revival, provided that the investments in question are earmarked for works of national interests, our correspondent Elena Perdichi reports.

Izetbegovic Gives Conditions for Peace Talks

AU0106183994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 1 Jun 94

[Text] Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina, today received Vitaliy Churkin, special envoy to the Russian president for Bosnia-Herzegovina. The talks were attended by Prime Minister Haris Silajdzic. Churkin expressed interest in Bosnia-Herzegovina's stands regarding the cease-fire with the Serbian aggressor and the possible participation of a Bosnia-Herzegovina delegation at the negotiations on the political solution to the crisis.

Izetbegovic informed Churkin of the positions he had also presented to the Assembly of Bosnia-Herzegovina. The Russian envoy said that he expected Serbs to withdraw from the Gorazde protected zone, something that Izetbegovic had set as a condition for negotiations to continue. The Bosnian side has no objections to the Serbian population remaining in the Gorazde region, but only if the people involved are those who had lived on the said territory before the war. It is known that the Serbian aggressor forces are trying to colonize the Gorazde region, which was also pointed out to [words indistinct].

Izetbegovic Receives Croatian SDA Delegation

AU0106190694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 1 Jun 94

[Text] Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, today received a delegation of the Party of Democratic Action of Croatia headed by party chairman [name indistinct]. Stressed in the talks was complete congruence of aims and program orientations between the Party of Democratic Action of Bosnia-Herzegovina and the Party of Democratic Action (?of Croatia).

The delegation [words indistinct] informed President Izetbegovic of very fruitful contacts with representatives of political and religious institutions during its visit to Sarajevo. Members of the delegation reiterated their support for the policy of the Presidency of Bosnia-Herzegovina and the Party of Democratic Action of Bosnia-Herzegovina, particularly as regards the realization and implementation of the (?Washington) [word indistinct] agreement on the Federation of Bosnia-Herzegovina.

Krajisnik Comments on Serbian Assembly Session

AU0106143094 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 1 Jun 94

[Report by Marica Lalovic from Pale]

[Text] The session of the people's assembly of the republic of Srpska continued behind closed doors in Pale this morning. The issues concerning the republic's domestic and foreign policy are again on the agenda today, the second day of the session. A report by the republican Defense Ministry is also on the agenda. The deputies are also expected to discuss the continuation of the peace negotiations on the former Bosnia-Herzegovina. The negotiations are scheduled to take place in Geneva tomorrow [2 June] and were called by Yasushi Akashi, special envoy of the UN Secretary General.

Commenting on his talks with [Russian Deputy Foreign Minister] Vitaliy Churkin yesterday, Momcilo Krajisnik, chairman of the people's assembly of the republic of Srpska, said on his arrival in Pale that the vital interests of the Serbian people are not for sale, and that the contact group and other international community's mediators in the talks on the former Bosnia-Herzegovina have already been made aware of that.

Krajisnik stressed that Churkin had said that the delegation of the Serbian Republic would travel to Geneva to attend the two-day talks on the former Bosnia-Herzegovina, but that this did not mean the continuation of the negotiations on the fate of the former Bosnia-Herzegovina, which the Serbian Republic is linking to the lifting of sanctions imposed on the Serbian people.

The special Russian envoy [Churkin] should arrive in Sarajevo today, where he will probably try to convince Alija Izetbegovic and the Muslim side that it is necessary for them to attend the negotiations in Geneva.

Assembly Adopts Legislation on Government

AU0106163994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 Jun 94

[Text] The two-day session of the Assembly of the Republic of Bosnia-Herzegovina concluded today with the adoption of the Law on the Government of the Republic, draft law on ministries and other state bodies, and the endorsement of a score of other ordinances [zakonski akt]. Here is a report by Adnana Hadziahmetovic and Zoran Pali on today's Assembly session.

[Begin recording] [Hadziahmetovic] According to the draft law on the Government of the Republic of Bosnia-Herzegovina that the deputies adopted today, the government is to perform the function of government of the Federation until a final peace solution on Bosnia-Herzegovina is reached and implemented.

Expounding on this proposal, Dr. Kasim Begic pointed to the need to legally and technically coordinate this proposal with the first Law on the Government of the Federation of Bosnia-Herzegovina that was adopted yesterday. What is involved is, as he put it, the government with the same personnel composition playing a double role. This legal and technical coordination should be done by the Government and the Legislative Commission. At the same time, the law on ministries and other state bodies of the republic was adopted in the form of a draft and deputies will present possible remarks on it to the Legislative Commission by 10 June.

The law on ministries and other state organs of the republic should be adopted at the next assembly meeting in 14 days.

Deputies of the Republican Assembly today also adopted the Law on (?Ratifying) Decrees with Legal Power to the [word indistinct] draft decision on endorsing ordinances adopted by the Presidency of Bosnia-Herzegovina acting as assembly. Presenting the Legislative Commission's decisions on the further procedure of adopting these laws and decisions, Dr. Kasim Begic made the following proposal:

[Begic] All 594 ordinances adopted by the Presidency acting as the Assembly should be ratified, thereby ensuring the consistency of the functioning of the republic's legal system. We also suggest that the Government of the Republic of Bosnia-Herzegovina and the Assembly reexamine all these documents, each in detail, within the next three months, so we can decide which law, decision, or appointment and dismissal [word indistinct], that is, which individual provisions in them should be amended or deleted.

[Hadziahmetovic] As they did not take part in endorsing these decisions, deputies of the Croatian Democratic Community will be directly included in the procedure of adopting them.

Later at the session, the draft law on Bosnia-Herzegovina's independence day was endorsed; the Assembly will decide on it at its next session.

[Pali] The Assembly of Bosnia-Herzegovina adopted the proposal of the law on the amendments to the law on roads. Before adopting the law, deputies Pero Vasilj and Abdulah Konjicija took part in the debate. Vasilj said that before voting in the Assembly, one should draft a serious program and only then discuss it and make decisions. Konjicija spoke of several roads used to bring humanitarian aid to Sarajevo and added that prices would be lower by one-half of a German mark if these roads were repaired. Despite the war and the lack of resources, one should plan to repair these roads, Abdulah Konjicija said.

With 10 votes against and four abstentions, the deputies also adopted the Law on International Road Transportation.

In the second part of the session the deputies attention was distracted by the long-awaited draft law on temporarily making available to former owners the nationalized offices and city development land. Due to the seriousness of the problems with this law, it was decided after a brief debate to prepare the draft, with certain amendments and improvements, to be adopted at the coming session of the Assembly of the Republic of Bosnia-Herzegovina.

At the second day of the session, the Assembly adopted a series of legal documents without debate, including the Law on Zoning Activity, [word indistinct], and the laws on amendments to ordinance on pension insurance in case of war or direct danger of war, on military prosecutors' offices, and on regional military courts.

Concluding the session, Miro Lazovic, chairman of the Assembly of the Republic of Bosnia-Herzegovina, in agreement with heads of caucuses, convened the next Assembly of the Republic of Bosnia-Herzegovina session for 15 June. [end recording]

Karadzic Pledges Withdrawal From Gorazde

AU0106205194 Paris AFP in English 2038 GMT 1 Jun 94

[Text] Zagreb, June 1 (AFP)—Bosnian Serb leader Radovan Karadzic said Wednesday that his forces will withdraw from an exclusion zone around Gorazde, paving the way for Bosnian Moslem participation in peace talks here, UN officials said. A UN Protection Forces [UNPROFOR] statement said Karadzic sent a letter to UN envoy Yasushi Akashi during the day guaranteeing the withdrawal from around the eastern Bosnian enclave, in line with a NATO ultimatum.

"Dr. Karadzic wrote... that as of that day in accordance with his strictest orders there would be no Serb personnel of any description... within the three kilometer zone in Gorazde," the statement said. The Bosnian government has said it will not take part in the ceasefire talks, due to open Thursday, unless Serbs withdraw from a three-kilometer (two-mile) zone around the eastern Bosnian enclave.

The issue has threatened to scupper the peace talks, to which political and military leaders of all warring factions have been invited, along with all the major international mediators.

The UNPROFOR statement added that Akashi "considers that Dr. Karadzic's letter, if implemented, provides a sufficient basis for the opening of the meeting in Geneva."

Sarajevo Radio: Serbs Close to Gorazde Center

AU0206104894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 2 Jun 94

[Report by Mustafa Kurtovic from Gorazde]

[Excerpt] According to information from the surveillance-intelligence unit of the Operative Group East Bosnia of the Bosnia-Herzegovina Army, the aggressor's units in Gorazde are still 300-400 meters from the town center. This once again proves that the aggressor is deceiving the domestic and international public daily, which requires a more energetic action by the UN Security Council and NATO and calls for an immediate realization of Resolution No. 913 and the NATO ultimatum. Since this morning, the Serbo-Montenegrin fascists have been opening fire from antiaircraft machine guns and antiaircraft guns at Hrenovica and [word indistinct] and from antiaircraft machine guns, [words

indistinct] and sniper rifles at Djinjici, Stupi, Brijegi, and [word indistinct]. There are chetnik infantry arms provocations along the Osanica-Ilovaca-Orahovice defense line. [passage omitted]

Muslims Reportedly Launch Attacks in North

LD0206111094 Belgrade TANJUG in English 1054 GMT 2 Jun 94

[Text] Doboj, June 2 (TANJUG)—Moslems continued strong attacks on Serb positions in northern Bosnia even though talks on the settlement of the Bosnian crisis are scheduled to continue Thursday [2 June] in Geneva, where a ceasefire agreement is expected to be signed. Moslem forces launched the fiercest attacks in the night Wednesday/Thursday and the previous day on Serb positions on Mt Ozren, south of Doboj, Serb military sources report.

The Moslems tried to cut off Serb defense lines launching several infantry attacks supported by artillery, but after the Serb units fired back and at some places even engaged in hand-to-hand combat they returned to their initial positions. Moslem attacks continue in the Teslic front, west of Ozren, and several Serb villages in this area, including the town of Teslic, have come under Moslem artillery fire. Two women were killed and two injured in a Moslem artillery attack Wednesday afternoon on Doboj and extensive material damage incurred.

Simultaneously Serb positions west of Doboj came under combined infantry and mortar fire and fresh grouping of Moslem forces which were brought in by columns of motor vehicles was registered. Around midnight Moslem forces opened strong anti-aircraft fire from their positions six kilometers southwest of Brcko, a town under Serb control in northern Bosnia, on Serb positions, Serb sources report. According to the same sources, during the whole night local Croat forces and forces of the regular Croatian Army from the region of Orasje, northern Bosnia opened light arms fire on Serb positions and villages.

In the early morning Thursday Moslem units in the Gradacac front, west of Brcko fired 10 shells on Serb positions but the Serbs did not return fire.

Serbs Says Muslims Using Poison Gas in Teslic

LD0106110994 Belgrade TANJUG in English 1035 GMT 1 Jun 94

["Pool" item]

[Text] Doboj, June 1 (TANJUG)—Bosnian Muslim forces were attacking Serb positions in the Teslic area, northern Bosnia, on Monday [30 May] and Tuesday night, using all weapons available, including missiles charged with poison gases. The brunt of the Muslim attack was launched on the southern part of the Teslic battlefront and on the Kozilo area, which came under a cannonade of artillery shells charged with poison gas, Bosnian Serb army sources said on Wednesday. The Serbs were forced to respond fiercefully [as received] and neutralize the Muslim shelling in order to protect their positions and the people of Teslic and the adjacent villages.

Serb forces have prevented two Muslim terrorist actions in the south-eastern Teslic front. The Serb army sources said that Muslim forces at about 5 a.m. (local time) on Wednesday opened heavy anti-aircraft gunfire on Serb defence positions in Lukici, eight kilometres west of the Serb town of Brcko, in northern Bosnia. From the northern Bosnian Croat enclave of Orasje, Bosnian Croat forces and Croatia's regular troops on Tuesday night opened strong infantry fire on Serb positions seven kilometres away from the area, leaving one Serb soldier lightly wounded.

Abdic Delivers Address on Private Radio Station

AU0106151094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 Jun 94

[Text] Our correspondent Mirza Sadikovic reports from the Bihac Region that members of the (?Kladusa) and [word indistinct] paramilitary are much more active at this moment.

[Begin Sadikovic recording] Along with their standard activity with infantry, antitank, and antiaircraft weapons, they also continued their crimes against the local population whom they are still pushing into conflict. This is particularly intensive in the regions of (Pecigrad), Todorovo, [name indistinct], and Sturlic. Robbery and (?even) rapes are basic crimes they are committing against civilians.

The fact that many things are [word indistinct] in Velika Kladusa is shown by last night's address by the self-proclaimed [word indistinct] Abdic via his private Radio Velkaton Station. In his usual hostile way, he (?criticized) the people. He complained that he does not have enough money, that [word indistinct] cannot live off his Agrokomerc Combine, and the like. He demanded a more energetic struggle even after he [words indistinct]. [end recording]

French Aid Workers Exchanged for Montenegrins

LD0206092094 Zagreb Radio Croatia Network in English 0803 GMT 2 Jun 94

[Text] The group of French humanitarian aid workers belonging to the Premiere Urgence organization who were taken into custody by Serb authorities in Bosnia last month, under accusations of attempted arms smuggling to the Muslims, were released in exchange for several members of a Montenegrin militia, according to the Montenegrin Montanafax agency, which cites police sources in Podgorica. The seven police officers belonging to Montnegrin Ministry of the Interior were on board the Lido-2 oil tanker which tried to break througb the

international blockade last month by attempting to dock in Montenegro. The attempt was thwarted by NATO ships.

Bombing of Mosque Endangers Croat-Muslim Pact

94BA0276A Zagreb GLOBUS in Serbo-Croatian 29 Apr 94 p 3

[Article by Zeljko Garmaz: "Will the Livno Bomb Demolish the Croat-Muslim Pact?"]

[Text] When one of the six mosques in Livno, Curcinica, built in the first half of the 19th century in the very center of Livno, was blown up at 0400 hours on 25 April, this was the strongest evidence of the brittleness of the Croat-Muslim agreement signed in Washington. Regardless of whether the mosque was blown up by radical Croat nationalists, Muslims seeking a pretext to continue the war with the Croats, or on the other hand Serbs with an interest in demolishing the Washington agreement, military and police authorities of Herceg-Bosna simply should not have allowed such sabotage to occur, especially not in an area so politically delicate. It is worth recalling that politicians of Herceg-Bosna had rejected Drazen Budisa's statement about the mosque demolished on territory under Croatian control precisely by citing the example of Livno, which presumably meant that Livno was one of the rare places in Bosnia and Herzegovina where interethnic relations were tolerant to at least some degree.

"Breaches of the Washington agreement are being committed both by representatives of the HDZ [Croatian Democratic Union] and representatives of the SDA [Democratic Action Party]. They sometimes behave as though that agreement had not even been signed," we were told by Professor Ivo Komsic, president of the Croatian National Council [HNV], whom we talked to by satellite telephone on Monday morning, 25 April, before news of the mosque's destruction had been published.

Negotiations about who would occupy places of leadership in the federation were taking place simultaneously with demolition of the mosque, and Komsic's judgment about the willingness of the Croats and Bosnian Muslims to actually carry out the Washington agreement. Although those negotiations were to have been completed already, so that the expectation was that on Saturday, 23 April, candidates would be proclaimed for president of the Bosnian Muslim-Croat federation and prime minister of Bosnia and Herzegovina, it is obvious that an agreement has not yet been reached on that, and that no one knows when it will be reached.

Instead of choosing the highest officials of the joint state, the two sides are once again lodging accusations against one another in official communications, stating, for example, that "the Bosnian Muslim side has not performed certain tasks contained in the Washington agreement."

Finally, even in the Croatian media, after giving preference to Bosnia and Herzegovina for a time, are speaking once again about Herceg-Bosna as a legal political structure with almost the rank of a state.

"I strongly reproach the Croatian media for perpetuating in this way a quasi-state which the Croats themselves consented to abolish in the Washington agreement," says Komsic, president of the Croatian National Council.

Provocation or Reflection of Chilled Relations

The Livno case, whether it really was only a successful provocation or on the other hand a manifestation of really bad Croat-Muslim relations, symbolizes most precisely the political situation that has cooled once again between Sarajevo on the one hand and Zagreb and Grude on the other, following a few weeks of public idyll. In Livno itself, which we visited the day after the explosion, the reactions of local Croats were utterly contradictory. While some Livno inhabitants commented on the demolition of the mosque with a smile, saying that the "first Muslim missile had been launched," official representatives of Croatian authorities condemned this act of sabotage in the severest terms.

"This vandalism is a direct attack on the honor and dignity of the Croatian people of Livno and the Livno area, on the rightness of its defense of its native places and the 1,000-year presence of Croats in these areas," we were told by Mate Franjicevic, assistant commander for political activity of the Livno Petar Kresimir IV Livno Brigade of the HVO [Croatian Defense Council]. Franjicevic wanted to especially emphasize that in the city of Livno, during the entire time of Croat-Muslim conflicts, while young Croatian lads were dying at the hands of the Muslims, not a single murder was recorded, nor was any Muslim religious building demolished, which in other places occurred on both sides.

"This act seems to have been aimed at furnishing an argument to all those who saw demolished mosques in Livno some six months ago, since something to that effect was written in some scenario cooked up who knows where," Assistant Commander Franjicevic believes.

Aside from Mr. Franjicevic, other officials of the department for political activity of the Livno Brigade of the HVO did not want to talk about the bombing of the mosque. Instead, the GLOBUS journalists in Livno were constantly under the supervision of the military police. Thus our crew was frustrated in its attempt to photograph the Livno imam Sabir Dizdarevic alongside the remains of the mosque. Two members of the military police escorted the GLOBUS reporters to the chief of the military and civilian police, who already knew all details about their movement in the Livno area that day.

The dramatic and shaky atmosphere in Livno, as best indicated by the nervous behavior of the military police, indicates for one thing how difficult it is in the field to reestablish cooperation between Croats and Muslims. It

seems indeed that interethnic tensions are now growing in places where there had not been conflicts and that the situation is more difficult than in those parts of Bosnia and Herzegovina which were directly affected by the Croat-Muslim war.

The Livno imam, who was willing to talk even after the GLOBUS journalists were detained, testified to that.

Has the Washington Agreement Provoked Crimes?

"Everything in Livno has taken a turn for the worse since the Washington agreement," is the opinion of Imam Dizdarevic. "I will describe to you a banal example which provides good confirmation of this. Before the agreement was signed, we Muslims had no problems in Livno if we strolled through the city wearing a beret. Now, however, the Croats force us to take it off."

Another Muslim, who does not allow us to use his name for reasons of personal safety, says that since the signing of the Washington agreement the Muslims have become slaves in Livno. "We have only one restaurant we go to. It is called 'Cincar,'" this man in his sixties says, and continues: "It is already becoming the rule for the soldiers of the HVO to come there at a certain time of the day and order the restaurant closed, and they lead away all the Muslims who are there to do various demeaning jobs for them, from washing dishes in a Croatian restaurant all the way to digging foundations for houses the Croats are building," our informant described the position of Muslims in Livno.

"The situation was similar in Podhum, before the mosque was also demolished there in October or November last year," says the Livno imam Sabir Dizdarevic. "That mosque no longer exists at all, nor does anyone dare to recall where it stood. To top off this farce, they force us Muslims to haul away the stones that were left from the demolished mosque," Dizdarevic says, convinced nevertheless that the Livno Muslims are in a much better position than the Muslims in nearby villages, since members of the HVO are said to be taking away their livestock, money, tractors, trucks....

According to the 1991 population census, in Livno Opcina there were about 5,700 Muslims and 940 "Yugoslavs," who were mainly Muslims as well. In the Croatian Defense Council, according to a statement by Maj. Gen. Milivoje Petkovic, there are more than 1,000 Muslims. Nevertheless, on 21 July 1991 the Muslim population was disarmed. There was even fighting in which six Muslims were killed.

Since the disarmament many Muslims in the Livno area have been left unemployed; many have been driven out. It is said that little cafes and automobiles are being taken away from the Muslims.

The Livno Curcinica Mosque, which was bombed very professionally at daybreak on 26 April (although the mosque was in the center of town, adjoining houses were hardly damaged at all), had been subject to bomb attacks before that.

Another particularly important element of pressure on the Livno Muslims mentioned by GLOBUS informants is the ban on the SDA, the leading Muslim party, and the effort to persuade the Muslim population to go over en masse to the Muslim Democratic Party of Armin Pohara, who is suitable to Zagreb.

The same morning when the mosque was blown up in the center of Livno, Livno imam Sabir Dizdarevic had his first official visit in nine and a half months with Mr. Bakovic, mayor of Livno, who said on that occasion that "destruction of the mosque is not indicative of the view of Croatian policy towards the Muslims." Speaking about the explosion itself, Mr. Bakovic said that those forces which are resisting the federation of Croats and Muslims as a permanent political solution are most probably behind that sabotage.

And while in the field the Washington agreement is mainly being carried out in its military aspect, in that Generals Roso and Delic are really collaborating very well, so that even President Komsic of the HNV, usually skeptical towards the actions of the HVO, believes that at the moment there is no danger that new conflicts will break out, what has been happening between Sarajevo and Grude or, perhaps, Mostar) suggests very skeptical conclusions about the good intentions of the signatories of the agreement on a Croat-Muslim federation in Bosnia and Herzegovina.

"The Constitution of the federation is completely clear. It states that the cantons on the area of Bosnia and Herzegovina now free are coming together to form a federation. The federation, then, is a complex state community consisting of cantons, not of two entities with predominantly Croat and predominantly Bosnian Muslim populations. That principle of ethnicity as the main criterion for creation of the state has been rejected in the Washington agreement," Professor Komsic believes.

The HDZ Has Gambled Away the Trust of Bosnian Croats

Komsic finds the second circumstance that makes it difficult to implement the agreement on the federation in the politicians who are supposed to carry out that agreement: "I am not certain that the politicians in the present leadership of Herceg-Bosna are sincerely willing to carry out the Washington agreement. They have been conducting a secessionist policy, perhaps some of them have even been mixed up in acts like ethnic cleansing. How can they now sincerely advocate an integrated Bosnia and Herzegovina," Komsic reflects. In response to our direct question of whether he thinks that the leadership of Herceg-Bosna still has a political option in reserve aside from the Washington agreement, Komsic replied in the affirmative.

The third main problem in carrying out the Washington agreement is the impossibility of achieving consensus on the key people of the federation. Dr. Ivo Komsic believes that it is not necessary for the Croats at the top level of the federation to be represented by a politician from the Croatian Democratic Union, since the Croatian Democratic Union, according to Komsic, has lost its political legitimacy. "The HDZ has betrayed the political conception with which it was victorious in the 1990 elections, when it favored the state of Bosnia and Herzegovina. Ever since it allowed itself to become involved in creating the quasistate of Herceg-Bosna, the HDZ ceased to be the legitimate representative of Croats in Bosnia and Herzegovina. The policy imposed by the Washington agreement, which speaks about an integral Bosnia and which protects the interests of Croats in Bosnia and Herzegovina, is contrary to the policy which the HDZ has been conducting over the last eighteen months, and that is why I really do not think that the Croats should be represented at the top level of the federation by a man from the HDZ," Mr. Komsic says, himself a candidate opposing Kresimir Zubak, president of the presidential council of Herceg-Bosna, for the highest Croat political position in the federation.

Komsic nevertheless does not reject the possibility that Kresimir Zubak will become president of the federation or prime minister, "if a political agreement among all parties is achieved to that effect, and if the background checks prove that Zubak has not compromised himself in what he has done in the executive bodies of Herceg-Bosna."

Implementation of the Washington agreement is burdened by many details and several essential political issues. The most important thing, however, is whether the real willingness exists on the Croatian and Muslim sides to implement that agreement, to establish the federation between Bosnian Muslims and Croats, and then also the confederation with the Republic of Croatia. A number of events in the past several days—among which the bombing of the mosque in Livno is particularly important concerning relations of Croats and Muslims in the field, while the failure to reach agreement on the highest government representatives of the federation is extremely dangerous from the political standpoint—a number of such events, then, show that the Croat-Muslim agreement is in serious trouble.

Chronology of Military Events in Posavina

94BA0273A Zagreb VJESNIK in Serbo-Croatian 10 May 94 p 7

[Unattributed HINA article: "Is a Battle for the Corridor Imminent?"]

[Text] *The Posavina [Sava basin] corridor, a narrow zone of about 20 kilometers that links Serbia with the occupied areas of Bosnia-Herzegovina and Croatia, is narrowest in the area of Brcko and Orasje, and in one part is no wider than four kilometers, which makes it vulnerable even to light personal weapons.*

Zagreb—Brcko was occupied on 30 April 1992. At dawn, at 0445, the Serbian army blew up the highway and railroad bridge across the Sava, and blocked all approaches to the city. The Croatian and Muslim population was expelled en masse, and the forces of the HVO [Croatian Defense Forces] and what was then the Bosnia-Herzegovina Territorial Defense consolidated lines of defense in the suburbs of Kozara, Rijeka, Brod, and others. In the face of a strong Serbian offensive, however, they withdrew further south to a line at the level of Dizdarusa, and in the spring of 1993 were driven even further south, to the present lines of defense.

The HVO, assisted by units of the Bosnia-Herzegovina Army, penetrated in September 1992 into the western part of the municipality, liberating the villages of Markovic Polje, Gorica, and part of Krepsic west of Brcko. Two days later, in the face of a strong Serbian offensive, they had to withdraw to their original positions. Not even a second attempt to liberate those areas, near the end of October 1992, was successful. In a violent counterattack, the Serbian forces compelled the HVO units to withdraw several kilometers further south (Poljaci-Ulovic), where they are located today.

Military analysts' assessments published in the press about the current balance of power differ, from those saying that the Serbs have deployed three reinforced army corps (about 30,000 soldiers) in that area, to information about 70,000 or more Serbian soldiers. Along with others, the Serbs allegedly have more than 25 infantry brigades there and powerful equipment: 50 tanks, 100 armored personnel carriers, 200 heavy cannons, about 30 heavy-caliber multiple rocket launchers, and surface-to-surface missiles.

What Is the Corridor?

According to those assessments, the Bosnia-Herzegovina forces have a numerical advantage in personnel, but are considerably behind technically.

The so-called Serbian corridor, a narrow zone of about 20 kilometers that links Serbia and the occupied areas of Bosnia-Herzegovina in the east with the occupied parts of Bosnia-Herzegovina and Croatia in the west, is narrowest in parts of the Orasje and Brcko municipalities. The city of Brcko is somewhat more than four kilometers away from the northern limits of the free territory, while the width of the corridor's Orasje-Brcko section is about eight kilometers. At that point the main road approaches the line of defense by less than one kilometer, and traffic can even be threatened by infantry weapons. In that case the Serbs use nearby roads.

On the southern side of the corridor, there are mostly Bosnia-Herzegovina Army (the Tuzla Corps) units and one HVO brigade, whose zone of responsibility was the most attacked area during the last Serbian offensive.

Also, to the north of Orasje there are several HVO brigades that withdrew from the occupied cities of Bosanska Posavina. The Serbs conducted the strongest offensive since the conquest of the corridor from 11 to 24 April 1994. Against Boderiste alone, a village on the south side of the corridor within the zone of responsibility of the 108th HVO Infantry Brigade, they fired about 20,000 heavy artillery rounds, and carried out about 20 violent infantry attacks against that defense point. Prior to that, the free area of Brcko had been fairly strongly attacked in July 1993.

Brcko and Orasje

According to the last census, more than 87,000 residents lived in Brcko, of whom 25.4 percent were Croats, 44.4 percent were Muslims, 20.8 percent were Serbs, and 9.5 percent were others. Of the 51 municipal settlements, 26 had a Croatian majority, and of the total of almost 500 square kilometers of municipal land, the Croats were the registered owners of 44.4 percent. The Serbian corridor passes through 10 Brcko Croatian settlements, while 16 of the rest of them are free. In the occupied part of the Brcko municipality there are only three settlements that had a Serbian majority before the war (Potocari, Brezik Donji, and Grbavica).

According to the 1991 census, there were more than 28,000 residents in the Orasje municipality, of whom 75.3 percent were Croats, 15 percent were Serbs, 6.7 percent were Muslims, and 3 percent were others. Almost all the settlements with a Croatian majority were defended. In the area of the eight Posavina municipalities (Bosanski Brod, Bosanski Samac, Brcko, Derventa, Gradacac, Modrica, Odzak, Orasje, and the northern parts of the Doboj municipality), not one is completely free, however. The total area of the eight municipalities is more than 2,400 square kilometers, with 361,000 inhabitants (128,700 Croats, 104,800 Muslims, and 100,300 Serbs).

In any case, according to the territorial proposal of the Vance-Owen plan, the Croatian province of Bosanska Posavina would encompass 2,103 square kilometers, in which there would live 142,400 Croats (56 percent), 47,300 Muslims (18 percent), 41,000 Serbs (16 percent), and 23,500 others (9 percent). In that unit, as data from the HVO Office in Orasje show, 83 percent of the land would be registered to Croats and Muslims.

During the Serbian attacks and occupation, Posavina suffered enormous damage: According to the HVO data published a year ago, during the occupation of Posavina 2,446 defenders and more than 1,500 civilians died, and there were 2,600 orphans left. Also, 8,000 people were wounded, 500 of whom remained invalids. According to the same source, about 120,000 inhabitants were driven out of Posavina. Data from the Vrhbosanska Diocese indicate that of the 46 Catholic parishes in the area of northern Bosnia with 160,010 believers, only seven parishes have not been (completely) occupied. Previously 44,104 believers lived in them, who, however, have mostly left their homes because of the "constant firing." Several dozen villages and several cities have been completely destroyed, 25 churches have been ruined or damaged, about 50 factories have been destroyed, four bridges have been ruined, and a rich livestock inventory has been destroyed.

There are also two oil refineries in Bosanska Posavina, in Modrica and Bosanski Brod, both in occupied territory.

Churkin: Resumption of RSK Talks Possible

LD0106124994 Belgrade TANJUG in English 1225 GMT 1 Jun 94

["Pool" item]

[Text] Zagreb, June 1 (TANJUG)—Russian special envoy to the former Yugoslavia Vitaliy Churkin said after talks with Croatian President Franjo Tudjman in Zagreb that Knin-Zagreb talks were likely to resume soon and that the deadlock would be broken. After the signing of a ceasefire agreement, this would be a significant move forward in the process of normalizing the Knin-Zagreb relations, he said. As for the venue of the talks, he said he believed a place acceptable to both sides would be found.

The agreement on cessation of hostilities and troop pull-out, reached in late March between the republic of Serb Krajina (RSK) and Croatia at the Russian Embassy in Zagreb, took effect in early April. The RSK was proclaimed in 1991 by local Serbs in their ancestral land within Croatia in response to Croatia's forcible secession from the former Yugoslav federation and its attempt to downgrade the Serbs to a national minority. The territory was placed under U.N. protection in March 1992.

In a statement to the press, Churkin said that all sides were preparing for a resumption of talks on a ceasefire in Bosnia-Herzegovina, which are scheduled to open in Geneva on Monday [6 June]. He described the situation in Bosnia-Herzegovina as complex, stressing as important that all sides should attend the talks and warning that this was also a duty to the international community in the process of reaching a ceasefire agreement. He added that this could be the first step towards implementing the programme adopted in Geneva by the European Union, Russian and U.S. foreign ministers. He said that all preparations were completed and added that now the time was right for resolving the crisis. He also pointed out Moscow's engagement in seeking a solution for the entire territory of the former Yugoslavia.

Churkin on Tuesday visited Belgrade, where he conferred with Serbian President Slobodan Milosevic, RSK President Milan Martic and senior officials of the Bosnian Serb republic. After Zagreb, Churkin on Wednesday leaves for Sarajevo, where he is scheduled to meet with Bosnian Muslim leader Alija Izetbegovic and probably with Kresimir Zubak, the president of the Bosnian Muslim-Croat federation.

ΩBanker, Economist on New Croatian Currency

94P20823A

[Editorial Report] In an effort to dispel growing anxiety and confusion among the population about the Croatian Government's scheduled introduction of the new currency, the "kuna," on the 30 May Croatian National Day of Statehood, the Zagreb daily VJESNIK published an interview on 9 May with Mladen Sunjic, acting director of the Croatian National Bank's Legal Department, and a commentary on 10 May by economist Ivo Jakovljevic on the National Bank's monetary policy.

In his interview Sunjic explained the technical aspects of the monetary conversion and sought to clear up misconceptions and reassure the population of the soundness of the new legal tender. Taking into consideration "negative experiences" people had had in the past, he expressed understanding for their apprehension that the conversion would not proceed smoothly. He emphasized, however, that it is important to "forget the past" and "start building trust." Trying to dispel "persistent rumors" of devaluation, he emphasized that the conversion of 1,000 Croatian dinars into one kuna represents a redenomination and not a devaluation. Like the old Croatian dinar, the kuna will be convertible within Croatia, Sunjic explained, but he declined to discuss "at this moment... if and when it will become convertible" on international financial markets, because a currency cannot be declared convertible "by issuing regulations."

In the 10 May edition of VJESNIK, commentator Jakovljevic examined the financial backing of the kuna—foreign exchange reserves totalling $1.5 billion held by the Croatian National Bank and commercial banks—and contrasted the current situation to that of December 1991, when Croatia established its "monetary independence" and had to use a temporary currency, the Croatian dinar, because the National Bank of Croatia had no foreign exchange reserves and those of commercial banks amounted to only $200 million. Although he considered present foreign exchange reserves sufficient to guarantee a "successful" introduction of the kuna as the national currency, Jakovljevic nevertheless expressed concern that these reserves will not be sufficient to guarantee its long-term security and stability. In his view the "real" foreign exchange reserves—those held by the National Bank and currently amounting to only $720 million—must be increased to an "optimum" of $1.4 billion; otherwise, the kuna could become "vulnerable" in the second half of 1994. These National Bank reserves, he added, must be financed from "regular sources," such as the return of capital that fled the country, foreign trade surpluses, and foreign investments. In conclusion, Jakovljevic recommended that the National Bank continue its present monetary policy of building its reserves to ensure the value of the kuna over the long term.

Supreme Court on Mesic Accusations

94BA0276C Split SLOBODNA DALMACIJA in Serbo-Croatian 11 May 94 p 9

[Unattributed HINA article: "Charge Without Evidence"]

[Text] Zagreb—The RH [Republic of Croatia] Supreme Court announced on Tuesday that "at the request of the President of the Republic, the RH Supreme Court has investigated and established the legal situation concerning the statement by Mr. Stipe Mesic: 'There have

been quite a few murders committed by people who are not in prison, although their identity is well-known. It is known who killed Reihl-Kir, Saban, Krivokuca and the Zec family'" (FERAL TRIBUNE, No. 449, 25 April 1994).

The RH Supreme Court reports that in "connection with the killing of the Zec family, criminal proceedings have been completed, that criminal proceedings are underway in connection with the murder of Reihl-Kir, and that so far criminal proceedings have not been instituted in connection with the murders of Saban and Krivokuca."

The news release of the RH Supreme Court states: "The verdict of the district court in Zagreb (now zupanija court in Zagreb), as the court in the first instance, dated 9 July 1992 (VI-K-104/92-86), in its acquittal section, based on Article 350, Point 3, of the Law on Criminal Procedure (now Article 340, Point 3), acquitted the accused Sinisa Rimac of the charges of having murdered Mihajlo Zec on 7 December 1991 and of having committed the murder of Marija Zec and Aleksandra Zec on 8 December together with the accused Munib Suljic, Igor Mikola, Nebojsa Hodak, and Snezana Zivanovic; that is, it was not proven that they committed the crimes of murder under Article 35, Paragraph 1, of the KZRH [RH Criminal Code] (now Article 34, Paragraph 1), which they were charged with.

"The state's attorney did not appeal the acquittal section of the verdict of the district court in Zagreb (now the zupanija court in Zagreb), so that this verdict became final with respect to that portion. Thus, the RH Supreme Court, as the court of appeals, deliberated in this criminal case, in a session held on 8 June 1993, only the appeals of the defendants Munib Suljic and Sinisa Rimac, filed against the conviction section of that verdict, in which the Zec family was not the victim (IKz. 1270/92-3).

"With respect to that criminal case, the RH Supreme Court also ruled on the request of the RH state's attorney for protection of legality, filed on 8 March 1993, against the decision of the district court in Zagreb (now the zupanija court in Zagreb) on 26 March 1992 (Kio-I-35/91), and in a session held on 14 July 1993 it rejected in its verdict the request for protection of legality as unfounded, since it established that there was no violation of the law to which the state's attorney referred in his request (KzZ-7/93-3).

"In connection with the murder of Josip Reihl-Kir, we report that the district public prosecutor's office in Osijek (now the district state's attorney's office in Osijek) issued an indictment on 25 March 1993 (Kt-148/91), amended in writing on 12 April 1994, and initiated criminal proceedings against the defendant Antun Gudelj, who is at large and inaccessible to state authorities, for three cases of perfidious murder (when Josip Reihl-Kir was murdered) under Article 35, Paragraph 2, Subparagraphs 1 and 5, of the KZRH (now Article 34, Paragraph 2, Subparagraphs 1 and 5) and one crime of attempted perfidious murder under Article 35, Paragraph 2, Subparagraphs 1 and 5, of the KZRH, related to Article 19, Paragraph 1, of the OKZRH [Basic Criminal Code of the Republic of Croatia] (now Article 34, Paragraph 2, Subparagraphs 1 and 5, of the KZRH in connection with Article 17, Paragraph 1, of the OKZRH). Criminal proceedings are still underway, since the accused, according to information in the file, is in Australia or Canada, and so up to now, in spite of an international warrant, has not been accessible to the state authorities and has not been extradited.

"An inquiry has established that during criminal proceedings no attempt was made to influence or pressure the courts and judges who tried the cases and rendered decisions in these cases.

"As for the murders of Saban and Krivokuca, according to a report of the presiding judges of the zupanija courts of jurisdiction, criminal proceedings have not so far been instituted," states the news release of the RH Supreme Court.

In conclusion the Supreme Court says that "the courts are organized as bodies of judiciary authority, which they perform independently and self-sufficiently within the competence defined by law. All unfounded objections contrary to this operation of the courts we judge to be harmful both to the system of the independent and self-sufficient judiciary and also to the creation of basic conditions for building Croatia as a law-governed state," states the press release signed by Milan Vukovic, presiding judge of the RH Supreme Court.

Terrorist Activities of Arrested Serbian Agent

94BA0276B Split SLOBODNA DALMACIJA in Serbo-Croatian 11 May 94 p 6

[Article by Damir Dukic: "A Muzzle for 'Labrador'"]

[Text] The arrest of Radojko R. Radojcic, age 42, from Zagreb, who was once an official of the Central Committee of the League of Communists of Croatia, continues the Labrador affair, which has dragged on for two-and-a-half years now, and whose exposure, along with the Opera case, is the greatest success of the Croatian MUP [Ministry of Internal Affairs] in the intelligence war being waged continuously with the Serbian secret services. But those two affairs were at the same time, at least until Radojcic's apprehension, only the tip of the iceberg, since networks of Serbian informers were largely undetected. All of this is clearly supported by the history of Labrador itself.

At the height of the fiercest aggression of the former JNA [Yugoslav People's Army] in the fall of 1991, it became obvious that essential information was "leaking" from responsible positions in the Croatian Government and that there was for certain a group that was conducting in an organized way or preparing terrorist actions in order to compromise Croatian policy and its top people. One of the most serious confirmations of the existence of

such groups were the actions of bombing Mirogoj, where the graves of Jews are located, and the placing of explosives on the building of the Jewish congregation in Zagreb, which was aimed at portraying the Croatian Government to the world public as neo-Nazi. Suspicions proved to be correct, since over the period from 15 to 17 October 1991 the MUP initiated an investigation against 12 persons for what was then alleged to be "association for the purpose of hostile activity, terrorism, commando operations, and sabotage, and in order to cause public panic and insecurity."

Five at Large

Five of those 12 were at large (among them Radojcic), while seven were arrested (Srecko Ozegovic, Branko Trazivuk, Mile Vasiljevski...), among them both Croats and Serbs, some of them cadres "inherited" from the former regime, while others came to their positions after the change of government. The group, which came to be called Labrador from its own plan of operations, consisted of three "security" officers, four officials in the MUP department for protection of the constitutional order, one authorized official of the MUP, two from the technical services of the Croatian parliament, a former policeman from the Zagreb Police Department, and another person not employed. The group was led and inspired from Belgrade, which was also the origin of the equipment in the form of the time bombs.

It was only a short time after the processing of the arrestees that the Croatian police brought in another 50 persons suspected of the same crimes. Milan Brezak, assistant minister of internal affairs, himself declared in early November that some of these people were sitting in offices next to his, and they were planning to blow up important facilities, to assassinate leading figures.... The investigation has made progress, revealing an incredibly intertwined KOS [counterintelligence service] network, which was later confirmed in a newspaper interview by Ante Nobilo, former deputy district public prosecutor in Zagreb, who said that the investigation had penetrated an increasing number of political circles, revealing new members of KOS.

The Belgrade Trial

However, before the investigation was concluded and the suspects thoroughly questioned, the arrestees were released, that is, exchanged, on the basis of a political assessment. Thus, further investigatory proceedings were stopped before all the KOS connections and all the informers were discovered.

This assessment was later confirmed by Lt. Col. Ivan Sabolovic, who was tried in Belgrade for the bombing of Jewish facilities in Zagreb. Sabolovic said that only a part of the network was blown, since their essential structures remained untouched. Just like Sabolovic, certain other essential organizers of the KOS networks in Croatia also remained out of the reach of Croatian authorities, and this especially applies to Col. Slobodan Rakocevic, former security chief in the "JNA Air Force," who incidentally had the closest connections with the Opera group (propaganda operations), another espionage organization with the same tasks against Croatia. Nor was Slavko Malobabic, who with five other persons was one of the principal organizers of Labrador, accessible to Croatian authorities. Since Malobabic was known in Zagreb as a "man with good connections and friends" (at one time he held the position of chief of staff of Stanko Stojcevic, chief of the Croatian communists, and then the post of spokesman of the Secretariat for Internal Affairs), one of the tasks that he and Radojcic had was to bring new members into the group and expand the network. It is still a secret how successful they were in that, and how far they went in this espionage effort. Until Radojcic's recent apprehension, when, we hope, the links of this dangerous chain were completely revealed.

Daily Says State Supports Economic 'Crime'

AU0206093094 Skopje NOVA MAKEDONIJA in Macedonian 29 May 94 p 2

[Commentary by Zoran Petrov: "A Necessary Evil With State Support"]

[Text] Every change brings danger and risk. That is the reason why it must be emphasized internal incertitude is characteristic of the so-called societies in transition. The reason for such a prognosis is simple—in such states, the most-radical and, in many senses, most-sensitive change comes about, which is in the titular ownership of the social capital, which was in the hands of the state in the former socialist countries. The bright side of the coin of privatization is the establishment of the market economy, when sound competition has to be the leading factor in the overall economic progress of the country. When we speak about sound competition, we will allow ourselves a small digression in the terminological explanation. Competition (this comes from Latin, meaning contest, rivalry) is carried out through supply and demand and the game of prices on one hand, and the action of the competition forms the market prices of the goods, following the law on the value of goods production, on the other hand.

However, the transformation of the social capital, the famous "privatization," can and has to be viewed as a necessary evil that must be overcome with as few tremors as possible. Otherwise, the transformation itself would be transformed into a general theft that would leave nothing of the state. In such circumstances, "sound competition" becomes unimaginable, and "Madame Mafia," organized criminal, comes onto the scene.

Awakening in Darkness

Recent Interior Ministry information shows that the increasing number of acts of committing or concealing criminal acts causing great damage was characteristic of the last year, as was the receiving and giving of bribes, causing the appearance of a more serious dilemma on the surface. According to the information, this kind of detected criminal act, compared to 1992 and 1993, has increased 107 percent. The figure itself—no matter how hard we try to view it as a conditional correlation—points to an alarming situation. In order to avoid the dilemmas—it is a fact that Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], compared to most post-communist countries or societies in transition, is maintaining a high level of security, which should not and must not make us self-satisfied. Particularly not when we talk about the economic crime that is increasing in the country.

On the other hand, when we talk about the phenomena of "bribery" and "corruption," we must stress that they represent the more difficult forms of economic crime. In keeping with the way they transpire (most frequently they are done in private, or through various mediators), they are at the bottom of the list of proven cases. In other words, the so-called "black" figure of unrevealed criminal acts is the greatest in this area. As a matter of fact, there is an opinion that the criminal sphere in which bribery and corruption belong, the least revealed, is practically the most widespread in reality. Therefore, it exists, but due to its character, the difficulty of revealing and proving it, the absence of a practical strategy for its detection by state organs, it remains in the dark, that is in the unrevealed crime range.

If we go back to the introductory views on the high risk of privatization, with the presumption that the dominance of social ownership is still reality in Macedonia, on the eve of its own metamorphosis into private or some other kind of ownership, we indubitably come to the conclusion that the social property is the most threatened at this moment. The remolding of the social capital into private capital reveals numerous hitherto-unknown forms of economic crime. On the other hand, the methods are classical—abuses, bribery, and corruption. Almost overnight, like mushrooms after rain, new businessmen are appearing—owners of private or mixed companies who, at the expense of everybody's or nobody's social ownership, at the expense of the sleeping and disorganized state, and primarily all at the expense of the workers who are rapidly approaching the edge of bare subsistence, make their wealth very quickly.

The Robbery of the Century Continues

As a matter of fact, it is a public secret and a regular subject of discussion among the common citizens, among those with a salary or pension of around 100 to 200 German marks a month, that the state is being robbed blind. For the time being, there are neither answers nor reactions from those bodies and services that are there to protect the state. There are no replies from the legislative or executive bodies that had to enact and implement the legal basis for preventing the state-damaging and dangerous events. The most logical conclusion is that such a situation suits all, particularly those in power. Except, of course, for the citizen whose bare existence is put at stake. Thus, the reaction of the common people is reduced to ordinary gossip about the state or the ruling power, which, regardless, is continually becoming a self-serving power. In order not to make this sound like a radical trade unionist dirge about the difficult fate of the working people, we shall stick only to the aspect that, according to the competent state institutions and their associates, is, especially now, demonstrating such indolence and indifference, which makes the whole matter look like an introduction to a kind of totalitarianism.

Parallel to all this, what seen be noticed in Macedonia with open eyes, conveys to image that the state let go of the reins a long time ago. It has not just released them, but it is showing less interest and strength in taking control. It can be seen that individuals are making money overnight, that taxes are being avoided, that deals are mostly made in "cash" in order to avoid the financial institutions, that some companies have the exclusive

right to import and export, given to them for their beauty (confidentially), that speculative liquidations are taking place, that the social capital is being sold off for next to nothing....

In such a situation, the rapid polarization of the citizens is evident, as well as the growing public discontent with the striking examples of abuse, machination, and speculation, which finally leads to a certain institutionalization of the crime.

Claims that the state authority bodies are not involved in such filthy deals are fairy tales. In brief, no matter how painful it may be, the ancient scheme of connecting the economic power with the political power is slowly emerging in the Republic of Macedonia. This also creates the conditions for the revival of the connection between the criminal climate and the state establishment, which represents a basic definition of the phenomenon—organized crime.

Border Violations Ascribed to Use of Old Maps

AU0206153294 Skopje MILS-NEWS in English 2 June 94

[Text] In regard to recently frequented violations of the Macedonian-Serbian border, the UNPROFOR [UN Protection Forces] representative for Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] Elizabeth Baldwin stated for the independent A1 television "there is no immediate war threat, but there is an increased activity of the Yugoslav Army in the border area and cases of violations of the border are frequented." As for the 24 May incident near the November 40 observing post, she informed a 21-men patrol of the Yugoslav Army halted the regular UNPROFOR patrol (the Nordic battalion) and an argument broke out. The Yugoslav troops informed the road on which the UNPROFOR patrol was going was to be closed, thus, practically disconnecting the two observing posts (November 40 and November 41) within the territory of the Republic of Macedonia. The road is to be closed in two weeks and this is a in fact a warning to UNPROFOR to withdraw from that part of the Macedonian territory. According to Mrs. Baldwin, UNPROFOR disagreed with the Yugoslav Army patrol and stated this clearly to them. UNPROFOR expects no essential changes in their observing and informing activities in this part of Macedonia in the future.

Meantime the paper VECER, citing several official sources, reports the incidents on the Macedonian-Serbian border are not calling for panics as such incidents happen on nearly most borders. The reason for these incidents is formally explained with no internationally verified agreement on the border, which can be signed only after the two states mutually recognize each other. Serbia still considers the border to be more of an administrative than a border between two states. Serbian authorities still use maps made on basis of measurements done back in 1935, i.e., when the then existing Vardar regional unit. [sentence as published] The same measurements were also used to mark the territory of the Republic of Macedonia after the liberation in 1945.

Drnovsek on Economic, Domestic, Foreign Policy

94BA0263A Maribor VECER in Slovene 30 Apr 94 pp 28-29

[Interview with Prime Minister Janez Drnovsek by Nikola Sostaric; place and date not given: "Being a Slovene Is Too Little"]

[Text] *The signing of the agreement on wage policy will automatically regulate pensions as well; the next biggest challenge is to reduce interest rates; let's wait for Italy to gain a government; the president would be satisfied if the present coalition remained; when you invent a culprit.*

We spoke with Prime Minister Janez Drnovsek just one hour after he finally signed the wage policy agreement and thus also formally concluded the social pact that his government had been advocating ever since its inauguration. The first question is therefore understandable:

[Sostaric] What are the guarantees that the documents you have signed will also be carried out?

[Drnovsek] The signatures themselves are a considerable guarantee that they will be carried out. Furthermore, the trade unions and the Chamber of Commerce agree that the government will ensure instruments for implementing those agreements, and the law can also be such an instrument.

Pensions Also Regulated

[Sostaric] Are pensions the next challenge now? Retirees are protesting against any sort of changes, since they do not want to give up the relatively favorable position that they have now.

[Drnovsek] There is always a lot of fuss over pensions. We in the government are constantly under pressure from assessments by economists that pensions consume relatively too large a part of the social product. That is a burden on the economy, which is also consequently not competitive enough. With the retirees' protests, however, it is necessary to find some middle course. That is why I also think now that it is necessary to withdraw the interventionary law, study once again what has been proposed, and settle it in agreement with the retirees. We have submitted a bill to amend the law for legislative proceedings, and it is to be adopted through normal proceedings, which makes it possible for us to verify it with the retirees. They want changes in pensions to be coordinated with changes in wages. Now we can withdraw that interventionary law, because the social agreement on wage policy will contribute to bearable changes in wages, and thus pensions should not deviate from that either. Assuming that we have regulated wages, we can claim that we have also regulated pensions.

[Sostaric] Wages have been regulated, but what is the next challenge?

[Drnovsek] I hope that with the social agreement we have at least reduced the tension, if we have not yet eliminated it. That should ensure social peace. Now it is time for the final adoption of the budget by the State Assembly, which should happen in May.

The procedure for adoption of the budget has been going on for more than half a year now, which in my opinion is extremely irrational, although the State Assembly's rules of procedure specify that procedure. We are now actually adopting the budget at least twice. The adjustments are very dramatic, and then we have to start it all over again. Normal countries adopt budgets once; they are coordinated and adopted. In our case as well the process should be simplified and shortened.

I hope, however, that we will adopt the budget next week, after all the possible adjustments. The government insisted on the original figures offered; there were only minimal deviations, which are not fundamental. If that kind of budget is adopted, it will be quite rational and frugal, the most that we can afford now.

Reducing Interest Further

[Sostaric] We adopt a budget every year, and we are interested in all sorts of other more long-term economic policy issues that would have to be resolved.

[Drnovsek] Recently economic trends have been favorable, production has kept growing, and inflation is still declining, since the average monthly inflation during the first three months was 1.3 percent, which means annual inflation between 15 and 18 percent, and perhaps we will achieve another percent or so less. Unemployment has also started to decline, and if we also add to that the encouraging foreign trade trends, we can say that the economic results are encouraging.

With the new budget, we will regulate the total level of public and budgetary spending, but in any case interest rates are one of the fundamental issues of economic policy. The government has already achieved something in that area, and with the measures coordinated with the Bank of Slovenia, there has been a partial reduction in interest rates. They are still too high, however. I expect that we will also reduce them somewhat further during the coming period. That can be achieved primarily by monetary policy measures, because it is within the purview of the Bank of Slovenia, and on the other hand, the finance minister can influence the interbank interest rate primarily by loaning out and guiding state money.

[Sostaric] But the chronic shortage of money in general affects the level of interest rates.

[Drnovsek] And also the incomplete rehabilitation of the banking system. It is taking place, to be sure, but it is not yet finished and consequently loopholes from the past are still influencing interest rates. We will review bank rehabilitation once again and try to determine what else can be done.

[Sostaric] Dr. Mencinger, however, thinks that last year Slovenia showed successes because of mistakes in economic policy. You yourself, at a meeting of the government's economic council, stated that some economists were advising you to restrict wages, and others to free them. With such different opinions, what is the truth?

[Drnovsek] The opinions are very different. When we froze wages last year, everyone criticized us, including economists, and then the same people complained that the freeze did not last longer. It is a really delicate area, and that is why I am glad that we reached an agreement. If it goes into effect as we agreed, it will undoubtedly be better than a law freezing wages. If that agreement is in effect over the long term, it will be extremely important for the economy, since it is very difficult for us to adjust public spending, pensions, and wages. The government itself has very limited instruments to do so.

[Sostaric] We expect a great deal from privatization, but it is proceeding more slowly now than we anticipated. Will the government speed it up?

[Drnovsek] We are speeding it up as much as we can. We are monitoring the activity of the Privatization Agency, and we are trying to help solve the problems. In any case, I think that privatization is taking place rather intensively. A lot of programs have already been approved, and I think that there are two reasons for the delays: the audits done by the SDK [Public Auditing Service], since many enterprises have applied, and the SDK has a limited number of trained personnel. The rest of the delays are due to the denationalization proceedings, which hinder enterprises from more rapid privatization. At any rate, we will try to speed up the proceedings even more and make them more efficient, but we do not anticipate any general changes in the privatization process.

[Sostaric] There are two options in denationalization: restoration of the nationalized property through compensation, or the return of that property in kind. What is your position?

[Drnovsek] We have to act in accordance with the valid law, which also allows returning it in kind. Many people consider that a controversial solution, which other countries do not have, but our parliament passed the law a while ago. Changing that law would also be extremely sensitive politically. We therefore did not try to undertake it, and we as a government are trying to do everything possible within the framework of that law. At any rate, that law contains the brakes on the privatization process.

The Fatal Year 2001?

[Sostaric] Slovenia is a country that has to join the world. If we look at the free trade zone agreements and Slovenia's intention of joining the European Union, we note that 2001 will be the year when the protective barriers to foreign competition will fall to the minimum. In just seven years, therefore, the Slovene economy will have to prepare for full foreign competition. Isn't that too soon?

[Drnovsek] We have already had to adjust quickly to very difficult conditions. The shock that our economy experienced after independence and the loss of its markets was much worse than the further adjustment to world competition and developed Europe will be. It is true that after independence we had many bankruptcies, and that the number of people unemployed grew drastically, but at the same time, what happened strengthened the enterprises that survived, and that means that they will also continue to endure. I think that we will adjust to the new requirements, and the present relatively liberal policy that is trying to open Slovenia up as much as possible is also contributing to that.

[Sostaric] In a way, Slovenia's future position in Europe will also be decided by our group negotiating with the European Union. Do we have enough competent experts for Slovenia, as a future member of the European Union, to secure the best possible starting position?

[Drnovsek] There are never enough experts, and we are short of them as well. In any case, we will have to obtain them, since joining Europe is a serious issue. All our legislation, standards, and other regulations will have to be adapted to the European Union, which will be extremely extensive work. Of course, we are counting on the cooperation of experts from the European Union. Sometimes it seems that we have many experts on everything else, on beating a dead horse, but there is a shortage of them when serious work has to be done.

Caught Between the Great Powers

[Sostaric] That has probably also been shown by the negotiations with GATT [General Agreement on Tariffs and Trade], when we were quite optimistic, but to this very day we are not yet members of that organization.

[Drnovsek] As far as GATT is concerned, I still think that we will succeed in becoming a member by the end of the year, before the establishment of the World Trade Organization, in which we could become founding members. The reason why it has not happened yet is that we were caught between the interests of the United States and the European Union. In their trade war, both of them are putting pressure on little countries like Slovenia, which have to adjust to one side or the other. If we come closer to the European Union and its regulations and standards, the Americans make problems for us, and vice versa. We are in the middle, and we are trying to get out of it.

[Sostaric] With all of this, the issue of Slovenia's promotion abroad has been raised for a long time. The fact is that we are doing a poor job of promoting Slovenia, and to the best of our knowledge, some government office ought to take over that business.

[Drnovsek] A lot is said about promotions, and everyone would like to be involved in them, so that sometimes the

problem is how to coordinate various promoters or various ministries. That is why there is a proposal in progress for the establishment of some body that will coordinate those responsible for promotions and make them more efficient.

Relations With Neighbors

[Sostaric] The Foreign Ministry has issued an analytical document that talks about how we are in a semi-colonial position with respect to Austria. The question that arises is whether Slovenia, in regulating its economic relations with Austria, will wait for the latter to become a member of the European Union, or seek a different path to regulate mutual relations?

[Drnovsek] Slovenia does not have any sort of semi-colonial relationship with Austria. We have good-neighborly relations with Austria, and a completely independent policy. Austria will probably become a member of the European Union in a very short time, and we consequently have to count on it primarily as a member of the European Union and measure our subsequent steps in accordance with that fact. So far we really have sought possibilities for cooperation within the framework of EFTA [European Free Trade Association], but the fact is that all the Scandinavian countries and Austria are going into the European Union, and consequently EFTA no longer interests them. To be sure, we are still trying to keep EFTA involved, but it is obvious that a relationship with the European Union is greatly preferable.

[Sostaric] There have been significant political changes in Italy. It may happen that relations between Italy and Slovenia will not be pleasant. Is Slovenia as a country prepared for those changes?

[Drnovsek] What Italy's actual policy will be like has yet to be seen. To be sure, there is a great deal of shouting now, there is still no government, and this is consequently a sort of transition period, which should not be perceived as appropriate for judging Italian policy toward Slovenia. When a government is put together and it has to try to solve problems constructively, I can hardly imagine that Italy will resort to a different policy than the usual one in the European Union, since Italy itself would therefore end up in serious difficulties within the European Union, and Europe also would not tolerate it, especially if there came to be such an aggressive Italian policy that it would threaten Italy's neighbors. It is something that is unacceptable by European standards.

If it does happen, we will have problems, of course, but in that case Italy will also have difficulties with democratic Europe, and therefore we will not be isolated in defending our interests. We are now just waiting for Italian policy to settle down somehow and start to function normally.

[Sostaric] What about the present Istrian campaign for some sort of union of the Croatian, Slovene, and Italian municipalities in Istria?

[Drnovsek] We do not intend to change the state system.

Normal With Croatia

[Sostaric] As far as Croatia is concerned, the data indicate that bilateral trade is declining every month, and political relations themselves are stagnating.

[Drnovsek] Trade is declining with all the former Yugoslav republics, including Macedonia. In Croatia's case, that trend has existed since the end of the free trade relations between the two countries. In any case, this February we achieved progress in our mutual relations, when we signed several agreements with Croatia, so now I can say that relations are normal. Obviously there is also less and less tension in the media, and the fact is that Croatia has other problems that it has to solve. There are a few individual issues that are hindering more rapid clarification of our mutual relations. In addition to the problem of the borders, which is slowly being solved by the joint commission, we also have the issue of Ljubljanska Banka in Zagreb, which is a serious problem in our mutual relations, and the issue of the nuclear power plant. We are talking with the Croats about those issues and preparing solutions. We have already proposed some of them, and we have yet to propose others, so I hope for progress if we maintain the present level of bilateral relations.

[Sostaric] Of course, the Slovene economic delegation's visit to Bosnia-Herzegovina showed that Slovenia is still interested in economic cooperation with the southern republics.

[Drnovsek] Enterprises and the economy are always interested in business deals. If there is a market there that they can work with, Slovene enterprises will cooperate in it just like all other foreign enterprises. Of course, because of their familiarity with that market our enterprises have some advantages, and thus when the situation settles down there will be normal bilateral economic relations.

[Sostaric] Even with Serbia?

[Drnovsek] When the sanctions are lifted, when the international community normalizes relations with Serbia, Slovenia will do so as well.

I Support the Status Quo

[Sostaric] A question about the coalition—the present big coalition of three parties is now functioning fairly well, but there is talk about a new coalition of the LDS [Liberal Democratic Party] and the SKD [Slovene Christian Democrats].

[Drnovsek] The coalition is functioning, and the agreements that I have with both the partners, the SKD and the United List, are in effect; the LDS is prepared to

continue working in that coalition, since it now has enough parliamentary support to guarantee the operation of the state, the government, and the whole system. As long as it works, we will try to keep the trilateral coalition. The problem is that the SKD no longer wants to cooperate with the ZL [United List] in the government, and thus the two other partners cannot manage with each other.

The LDS's position is that it is no longer possible to act within a trilateral coalition, we will have to decide and determine which bilateral coalition and possibly which group of deputies could allow establishing a stable government. At this time that still does not mean an a priori decision in favor of one party or the other, but rather a thorough study of the situation and then a very firm agreement with the coalition partner. The government needs strong parliamentary support, so that by the end of our term we can carry out everything that we planned at the start.

That is why I am not in a hurry to change the coalition. The pressure will come from elsewhere, and we have yet to see when and how we will reach an agreement.

[Sostaric] Nevertheless, if that trilateral coalition actually does collapse now, no alliance would have a majority: You need the help of the small parties in parliament. Which ones? Perhaps Jelincic's?

[Drnovsek] That is still an open question. We still have democrats here who have not joined the LDS, and are still independent deputies. Thus, in both options, either with the Christian Democrats or the United List, we could achieve the necessary majority in parliament.

[Sostaric] You would obviously prefer the status quo?

[Drnovsek] From the standpoint of consolidating the state, that would be best.

Most Progress Last Year

[Sostaric] It was recently determined that Slovenia's standing in the world had declined.

[Drnovsek] According to the latest international assessments, it has risen. The last such assessment comes from the INSTITUTIONAL INVESTOR magazine, which is highly esteemed in the banking world. It thought that Slovenia was last year's winner. Of all the countries in the world, it made the most progress in one year. On the scale of the top 10 winners of the year, Slovenia is in first place according to the criteria of which country, according to a world standard, gained the most in one year. At all sorts of international meetings and at institutions, Slovenia is receiving good assessments, and in a way we are being treated like a country that has succeeded considerably faster than the world expected. I must say that Slovenia is viewed considerably better abroad than it is at home.

[Sostaric] In spite of that pleasant circumstance, we are having difficulties over the unallocated Yugoslav debts, and there are problems with succession.

[Drnovsek] We are still negotiating with a consortium of banks about the debts. There will be more negotiations again soon. It is hard to predict the outcome of the negotiations, since we are negotiating quite hard, but we will try to settle the matter. It is important for us, since that is precisely what is keeping us down in the international ratings; the "Yugo risk" is still in our financial credit rating. I am a moderate optimist about this, in spite of our domestic financial disagreements, which have also politicized that issue.

Actually we are now making use of the domestic tension over the foreign debt, which some people brought to light as—I don't know—some sort of discovery, although we have all known about it for 10 years now. We are telling our credit partners, the commercial banks, that we also have populist policies that present matters in radical terms. We are thus trying to induce them to accept our proposals and not some subsequent alternatives that would seriously hurt them and Slovenia. Fortunately our negotiating partners are not interested in anything like that, since they would obviously put a solution of the problem off until the future.

[Sostaric] In view of what has been said, is the story about Slovenia as a winner still relevant?

[Drnovsek] For anyone who is familiar with the situation and knows the kind of circumstances with which Slovenia had to cope, what it means to lose 40 percent of the markets overnight, as Slovenia did, and had to compensate for them during a period of world recession, and at the same time carry out changes in the economic system at home, all without outside financial assistance, our achievements are convincingly good.

That is not understood by those who are not familiar with world realities, who think that it is enough that you are a Slovene and then everything will work out by itself, and that just changing the signs and the name of the country is enough and then everything will be better—those who do not know that you have to win everything yourself, that in this world one has to survive a very hard struggle. People have to know that.

[Sostaric] Then the so-called UDBA [State Security Administration] mafia is not to blame for everything?

[Drnovsek] We witnessed such phenomena after World War I, when the economy, objectively, collapsed. At that time people also invented a culprit who was to blame for everything and exploited others, who therefore lived poorly. At that time it was the Jews. That is an extreme example, of course, but it is a good illustration of where that sort of simplification and demagogy can lead.

Trade 'Dispute' With FYROM Viewed

94BA0263B Ljubljana DELO in Slovene 25 Apr 94 p 10

[Article by Branko Jokic: "It Is Ljubljana's Move"]

[Text] *The occasional "minor disagreements" are casting a shadow over bilateral economic cooperation; Skopje expects more understanding; will the joint commission resolve the situation?*

From our correspondent.

Skopje, 24 Apr—Aco Spasovski, secretary of the Macedonian Chamber of Commerce's Department for Economic Policy and Development, claims that economic cooperation between Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] and Slovenia is proceeding without major problems, in spite of the measures that the Macedonian Government introduced for imports of goods from Slovenia. He did add that "minor disagreements" happen in doing business.

As we know, in the middle of March Macedonia introduced special 15-percent tax on goods imported from Slovenia. At the same time, it also introduced several additional measures, among which those requiring a mandatory certificate for all goods are particularly important. Macedonian importers can acquire it from the Slovene producer, but it has to be confirmed by the appropriate institution in Macedonia. If it turns out that the goods were not manufactured in Slovenia, the authorities can confiscate or destroy them. All products imported from Slovenia must have labels and all accompanying documentation in the Macedonian language, in Cyrillic.

Importers of Slovene goods in Macedonia have already calculated that because of the new measures, the goods will not become 15 percent more expensive, but rather at least 18 to 20 percent, since additional customs duties also have to be added to the taxes introduced by the government. Aco Spasovski is not convinced that with all these measures Macedonia will succeed in reducing the trade deficit that it has in trade with Slovenia. That deficit reportedly amounts to $80-100 million. One could conclude from Aco Spasovski's statements that the Macedonians introduced those measures only in order to get their Slovene partners to abolish the requirements for certificates for Macedonian goods, so that Slovenia would also recognize the documents offered on the origin of goods, and Slovene customs officials would treat goods imported from Macedonia differently.

In vino veritas, as the ancient Romans claimed. Macedonian businessmen, in fact, point out that most of the deficit arose because of the Slovene government's protective measures against imports of Macedonian wine. The amounts of Macedonian wine on the Slovene market supposedly declined because of that. Even the first analyses performed in Macedonia showed that things were completely different. In fact, recently Macedonian and Slovene businessmen concluded an agreement according to which Macedonia was supposed to export 15 billion liters of Macedonian wine to Slovenia by June. It is not completely clear, however, whether the Macedonian goods will finally end up on the Slovene market or some other one. On the other hand, Macedonian merchants also have to accept some of the blame. The fact is that those merchants are raising prices uncontrollably for Slovene products, so that those goods are extremely expensive. Since people cannot buy them, large amounts of those goods remain in Macedonian warehouses (it is true, however, that Slovene producers have also not adjusted their prices to the Macedonian market).

It is interesting that the Macedonian press is mostly keeping quiet about this Macedonian-Slovene dispute, although it previously wrote enthusiastically about cheap medicines from Slovenia (which undermined the products of the domestic pharmaceutical industry), about expensive Slovene products that they were forced to import because they were not manufactured in Macedonia, and also about the "closed and exploitative Slovene market." There is hope, however, that all these problems will be solved soon. Specifically, a meeting of the joint commission on economic cooperation, proposed by Slovenia, is to be convened soon. The Macedonians, to be sure, expect Slovenia to be the first to take steps. In their opinion, Slovenia ought to take into account the difficult economic situation in Macedonia (previously that country exported 60 percent of its goods to Serbia, and now the border with Greece is also closed), perform a good analysis of the surplus in its favor, and then propose measures that would at least partly coordinate bilateral trade. Members of the Macedonian leadership even think that Macedonia should have certain privileges in trade with Slovenia.

Defense Ministry Buying Aircraft

94P20827A Ljubljana DNEVNIK in Slovenian 20 May 94 p 32

[Article by Tomaz Bukovec: "New Aircraft for Our Armed Forces"]

[Excerpt] Brnik, 20 May—A LET-410 UVP Turbolet aircraft bought by the Slovene Defense Ministry from the Czech Republic last year has been delivered. The Air Force brigade has thus received its fourth aircraft in a little over a month. On 27 April the unit received three ZLIN 242 sport planes.

The purchase of these aircraft was agreed upon approved by the former defense minister. The LET-410 plane arrived in Brnik at 1200 on Wednesday. In addition to helicopters, the Air Force brigade is equipped with seven aircraft: three antiquated UTVA 75's, three ZLIN 242's, and the new LET-410. We could not find out the price of the new two-engine, high-wing, light transport-passenger plane. However, we have learned unofficially that the aircraft manufacturer, Narodni Podnik of Kunovice, demanded about $800,000. We doubt very much that the final price amounted to much more than $500,000. The Czech manufacturer used to build these aircraft mostly for the Soviet Union and therefore had a surplus stock as a result of the Soviet Union's collapse. [passage

Federal

Government Condemns Bombing of Subotica Church

LD0106183494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1501 GMT 1 Jun 94

[Text] Belgrade, 1 Jun (TANJUG)—The Federal Government received with indignation the news about a barbaric and terrorist act committed by an unidentified perpetrator who planted explosives at the entrance to a Catholic church in Subotica last night. The Federal Government most vehemently condemns this terrorist act as an obvious attempt to instigate unrest and cause divisions and distrust among citizens of the multiethnic town of Subotica. It also emphasizes its firm resolve in pursuing a policy of protection and strengthening of equality of all citizens of the Federal Republic of Yugoslavia, regardless of their nationality and religion.

The Federal Government will take energetic measures to find the unidentified perpetrator and establish his responsibility as soon as possible. The Federal Government stresses that there should be complete trust in the relevant state bodies, who will inform the public about the findings of their investigation and take the necessary measures to prevent further threats to religious facilities and ensure a peaceful life and security for the citizens.

ΩProtest Over Expulsion of Foreign Journalists

94P20815A

[Editorial Report] The expulsion of foreign journalists ordered by the Federal Republic of Yugoslavia's Ministry of Information has drawn protests from a variety of Serbian organizations, including opposition political parties, journalists and writers, and an independent trade union. While Federal Secretary for Information Slobodan Ignjatovic, in a statement carried by Belgrade TANJUG Domestic Service on 12 April, accused AFP and CNN of "waging a fierce media war against Yugoslavia... on the territory of Yugoslavia," those who have protested the expulsion decision have said they view it as a serious mistake that violates freedom of thought and political expression and is detrimental to the interests of the country. Some also see it as foreshadowing action against domestic journalists.

The 14 April issue of BORBA contains several articles expressing what the editor called "stormy reaction to the decision by the Federal Ministry of Information to withdraw the credentials of CNN and AFP journalists." One of the articles, titled "High-Risk Ban," presented the Serbian Renewal Party's view that the expulsions were an alarming warning that Serbia is going through the process of reintroducing bolshevism and isolating itself from the world, a development that is a serious threat to lasting peace, the lifting of sanctions, and monetary and economic reforms.

Another article reported the reaction of the Serbian Democratic Party [DSS], which charged that the Ministry of Information had itself "significantly contributed" to the "biased views" of the foreign media by failing to inform foreign journalists "about the real causes and consequences of this civil war." Now, according to the DSS, the ministry had made another serious mistake. Instead of helping journalists to witness developments, the ministry has forced them to seek information exclusively from "the other side."

In a third article, titled "Step Toward Further Isolation," the Independent Association of Journalists of Serbia declared that the withdrawal of credentials of any foreign or domestic journalist was " contradictory to the fundamental right to be informed, which is an important aspect of human rights in general."

Under the title "Cancel That Decision," BORBA of 19 April published a statement by the Serbian PEN [International Association of Poets, Playwrights, Editors, Essayists, and Novelists] organization, stressing that "withdrawal of foreign journalists' credentials represents a rude violation of one of the fundamental principles of the charter of PEN, which specifically strives to secure the free exchange of information and opposes all forms of censorship.... Such acts... are plunging the Serbian people further into isolation and away from the world community. Therefore, the aforementioned decision must be retracted and cancelled."

On the same page, BORBA carried a statement by the Association of Writers of Serbia titled "Attack Against Freedom of Thought and Interpretation of Facts." It called the expulsion order "a dangerous policy of preventing the free flow of information" and charged that "if this trend continues, Serbia's spiritual space will become a hopeless wasteland, completely isolated from all media."

These groups were joined by the "Nezavisnost" (Independence) Association of City Trade Unions in strongly criticizing the Serbian Government. It pointed out ironically that the "purge of foreign journalists sheds much more light on the actual objectives of this latest democratic offensive by the Serbian authorities." This is "only a warm-up... before the final showdown with domestic journalists who think differently."

Nezavisnost's prediction about the ultimate domestic media target of "the Serbian authorities" was supported by a statement attributed to Milorad Vucelic, director general of Serbian TV and Radio, in the 25 April issue of the Belgrade opposition weekly VREME: "It is not CNN, not the foreign media which made up all these lies about the Serbian people, but journalists from Belgrade who write for DANAS, OSLOBODJENJE, VREME, Studija B, TV Politika, BORBA.... They provide the references for the writings of the foreign media." The VREME article observed that "bad omens are accumulating. A change in the membership of the Association of Journalists of Serbia has been announced, and, like

parrots, the self-appointed patriots keep repeating the names of the unfit media houses, demanding that 'this' question be resolved once and for all."

Debate Over 'Dafimentgate' Continues

94BA0273A Zagreb VJESNIK in Serbo-Croatian 9 May 94 p 7

[Article by Ivkica Bacic: "'Hot List' of War Profiteers"]

[Text] *SRPSKA REC published on the front page a receipt from Dafiment Banka which confirms that the wife of Serbia's president, Mirjana Markovic, withdrew 278,000 Swiss francs from that bank, and a list of the ministers, reporters, and opposition politicians who have a "secret agreement" with the bank's owner.*

Belgrade (from VJESNIK's permanent correspondent)—What was published in previous weeks by Belgrade's DUGA, revealing which of the prominent and influential Serbs withdrew foreign exchange deposits after the collapse of Dafiment Banka, and who "secretly dined" with bank owner Dafina Milanovic, receiving valuable gifts from her (jewelry, automobiles, foreign exchange), was all just a dramatic overture to the real political hurricane that has been raging in Serbia since Saturday, and which was caused by the weekly SRPSKA REC and Danica Draskovic, the wife of opposition leader Vuk Draskovic, and both a director and columnist in the newspaper.

The new issue of SRPSKA REC published on the title page a receipt from Dafiment Banka saying that the wife of the Serbian president, Mirjana Markovic, withdrew 278,000 Swiss francs from that bank, and also published receipts with the amounts withdrawn by Marko Milosevic (son of the Serbian president), Prime Minister Mirko Marjanovic, former Prime Minister Nikola Sainovic, new customs director Mihalj Kertes, Police Minister Zoran Sokolovic, opposition leader Vojislav Kostunica, General Director of Serbian Radio-Television Milorad Vucelic, that company's reporter Stefan Grubac, and chief editor of TV Politika Aleksandar Tijanic and his deputy Bogdan Tirnanic. The same list also includes Dragomir Draskovic, nominally the head of the SKPJ [expansion unknown], as well as Ljiljana Habjanovic-Djurovic, a DUGA reporter who is famous as the one who initiated the financial and political scandal known as "Dafimentgate."

Prohibitions, Pressures, Threats

Back on Friday, an unprecedented commotion was raised over the first announcement of the "hot" list that SRPSKA REC would print the next day. First Tijanic and Vucelic refused to broadcast a paid television ad when they heard what that newspaper was bringing on the front page, and then the head of the POLITIKA firm Zivorad Minovic, prohibited distribution of the newspaper through POLITIKA's sales network, even though SRPSKA REC and Minovic have a signed contract on marketing. Later, on the only available television channel, Studio-B, Danica Draskovic appeared and testified about the pressures and threats to which she and the entire editorial staff had been subjected. "Tijanic told me, 'Finally I will put you in jail and you will never get out of it. We will destroy you and that vermin from your newspaper,'" Danica Draskovic stated, recalled that SRPSKA REC had been banned twice before, both times when it wrote something about the Milosevic-Markovic couple and their alliance with crime. Or, as Danica Draskovic said in Sunday's BORBA, "It is not a case of an alliance between politics and crime. The same people are both politicians and gangsters. By day they destroy cities, engage in ethnic cleansing, rape, slaughter, and rob. In the evening they justify all those terrors by saying it is in the national interest, and at night, they count their war booty and transfer it abroad. The ballots of the ruling party and its backup parties coincide with Interpol warrants and the list of the International Tribunal for War Criminals. The Knin-Pale-Dedinje-Cyprus line is the most frequent European financial line," Danica Draskovic said.

Even though he gave exceptional publicity on his television station to the scandal over Dafiment, which was initiated by DUGA, without questioning at all the credibility of DUGA's facts, and praising DUGA's courage for exposing how prominent Serbs were robbing the people, Aleksandar Tijanic, in addition to threatening Danica Draskovic, hurried to accuse SRPSKA REC of forgery on his television station. "Danica's list is a carefully arranged cocktail of names of people who are either her political opponents or reporters who wrote in a principled manner about those who took the money of small depositors. She wants to turn a financial scandal into a political one," Tijanic stated.

Along with that very interesting observation by Tijanic, according to which the previous coverage was principled, and "Dafimentgate" was only a financial scandal until it was taken up by SRPSKA REC (which, by the way, cites the committee of bank creditors, as well as DUGA), which expanded the list of those who loved Dafina to the last mark, there are also Tijanic's words that neither he nor Bogdan Tirnanic were Dafina's depositors, and that he will sue Danica Draskovic for slander. "All those who withdrew money after the bank's collapse, including Danica, will end up in court, or in a sanatorium—Danica herself can choose. Bogdan and I will demand compensation in the amount that she stole from Dafina and we will return that money to the people. And we will send packages to Danica, wherever she is, in jail or a lunatic asylum," Tijanic announced furiously from the screen of his television station.

Panic in the Government Leadership

How much panic seized the very leadership of the Serbian authorities because of SRPSKA REC's revelation that the Milosevic family was also very directly involved in the scandal is also indicated by the fact that "from the very top," Kostadin Pusara (head of the team for consolidation of Dafiment Banka) received an order

to comb through immediately and publicly, without approval from the judicial bodies that had sole jurisdiction, the list of several hundred thousand of Dafina's depositors. The result of Pusara's instant check on Tijanic's television station, and on Sunday in the newspaper of the same name under the title "Danica Draskovic's Forgery," was expected: No one in Milosevic's family ever invested in that bank, nor did any of those cited by SRPSKA REC (Pusara made the only exception for DUGA reporter Ljiljana Djurovic, because, he said, "I have not managed to check her yet"): SRPSKA REC's receipts "are certainly not credible," and consequently Pusara "does not doubt at all that the judicial authorities will clear up that media hysteria over the bank," especially now that the state has decided that Dafiment will not go into bankruptcy, but rather continue operating, which "obviously does not suit certain profiteers."

Where Should the Minister of Justice Stick His Nose?

Who is it that is not suited by discovering the truth about the undeniable alliance of the state and crime, not just in the case of Dafina Milanovic (who was in prison twice because of embezzlement and forgery before Dafiment), but also in the case of the fugitive Jezdimir Vasiljevic, and the ministerial scandal, never cleared up in the courts, that awkwardly coincided with the violent death of two directors of Jugodrvo (it had to do with oil, the most profitable business in a country under an embargo), and about the operating licenses for hundreds of quasi-banks and savings banks that were closed only after they freely robbed the people for two years, and about Seselj's Radicals, who were frantically persecuted during the election campaign and arrested on charges of crimes and war crimes, but all suddenly freed when Seselj threatened that he would also reveal certain secrets from the period of flirting with the Socialists?

That is actually not an issue for anyone. It is clear that Serbia could not finance the war (wars!) or survive under the embargo without the assistance of the mafia (domestic and international), which, for the needs of the state, has grabbed up foreign exchange, installed the black market, developed deals in oil, arms, and cigarettes, laundered money.... That this sort of question is extremely naive and inappropriate is best illustrated by Serbian Constitutional Court Judge Slobodan Vucetic, who recently stated, "If a law-governed state were born overnight, by some chance, the jails and border crossings would be too crowded," to which one can add a comment by one Belgrade attorney: "I don't know whether the minister of justice dares to stick his nose in anything but his handkerchief."

Serbia

Milosevic Accused of Prolonging FRY Isolation

94P20769A Belgrade BORBA in Serbo-Croatian 21 Apr 94 p 5

[Unattributed article: "An Example of Dangerous State Improvisation"]

[Text] Belgrade—"The offer made by Slobodan Milosevic to Albania, Bulgaria, Greece, and Romania to form a union of Balkan states, which became known during his recent visit to Bucharest, is just another arbitrary act of the Serbian president and an example of dangerous political and state improvisation," the Information Council of the Serbian Renewal Movement said. The statement further points out that "the most dangerous aspect of this act is that Milosevic is actually offering a so-called defense union, which is really a military pact. Considering the international circumstances and Milosevic's personal reputation, the proposal will justify all the critics in the world who insist that a war-mongering policy predominates in Serbia.

Such a major move, with such far-reaching consequences, cannot be made by a single individual anywhere in the civilized world, particularly not secretly. This offer became known to the Serbian public through Romanian sources. Therefore, the Serbian Renewal Movement demands that the president of the republic, who created this latest scandal, pushing Serbia further into isolation, come before the National Assembly and explain what is going on.